

City of Rockville Thrift Plan

**Analysis of Investment Performance
through March 31, 2009**



George Kiriakos
Vice President

June 2009

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June 02, 2009

Board of Trustees
City of Rockville Thrift Plan
111 Maryland Avenue
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Dear Board of Trustees:

We have prepared this report to review the experience of the investment options through various time periods ended March 31, 2009. We believe this report will help the Board of Trustees to better understand how the investment options of the Plan have performed and will aid in evaluating any strength or weakness of the investment program.

It should be noted that the information set forth in this report is gathered through research from Morningstar's mutual fund database and the fund families.

We look forward to meeting with you to discuss the performance results of the funds and answer any questions regarding our analysis.

Sincerely yours,

George Kiriakos
Vice President

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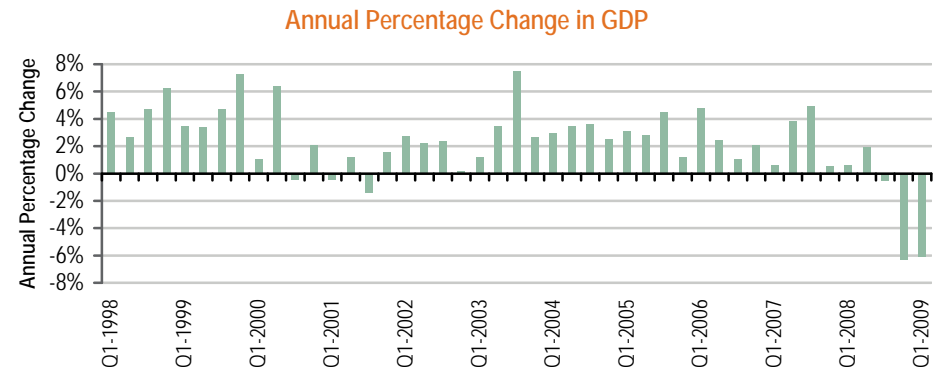
Financial Market Conditions: Review of First Quarter 2009

The Economy: Key Indicators

Page 1 and page 2 focus on Segal Advisors' commentary on select economic indicators for first quarter (Q1) 2009.

GDP Growth Negative

As shown in the adjacent graph, during Q1 2009 Gross Domestic Product (GDP) declined at a 6.1 percent annualized rate, which was much greater than the consensus expectation of a 5.0 percent decline. In addition, GDP for Q4 2008 was revised downwards from -3.8 percent to -6.3 percent. This was the steepest two-quarter drop in GDP since 1958. Overseas demand for U.S.-produced goods and services decreased dramatically and business investments declined. Although inventories dropped dramatically, firms typically quickly increase production as demand becomes apparent, which could result in a return to growth. On a positive note, consumer spending increased in Q1; however, if job losses do not slow, consumers could again cut back on spending.



Source: Bureau of Economic Analysis

Inflation Decreases

CPI: Percentage Change Year over Year



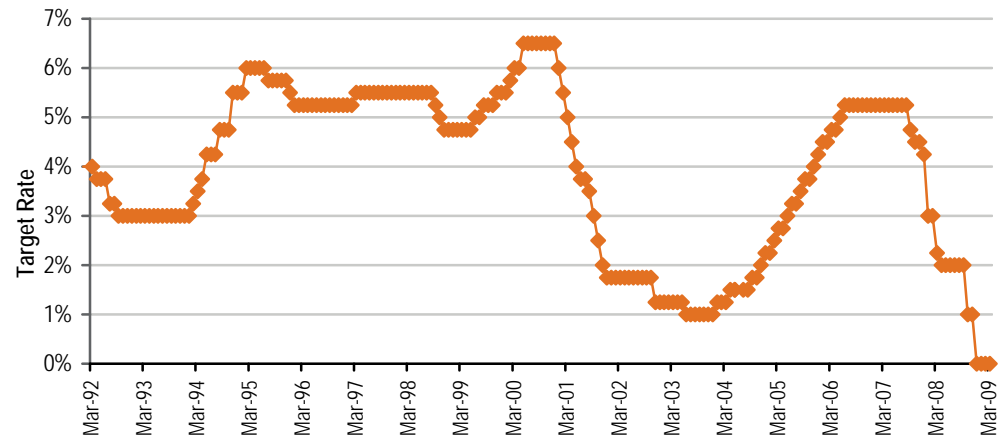
Source: Bureau of Labor Statistics

In March 2009, headline consumer price index (CPI) decelerated, declining by 0.1 percent from February and by 0.4 percent on a year-over-year basis. During January and February of 2009, top-line inflation increased due to rising energy prices, while falling energy prices in March pushed the CPI back into deflation territory.

The core index, which excludes food and energy prices, remained level during the first three months of 2009. This indicates that most prices for services and commodities are not deflating, but are also not rising at a rate that would strain consumer budgets. The adjacent graph shows CPI since March 1992.

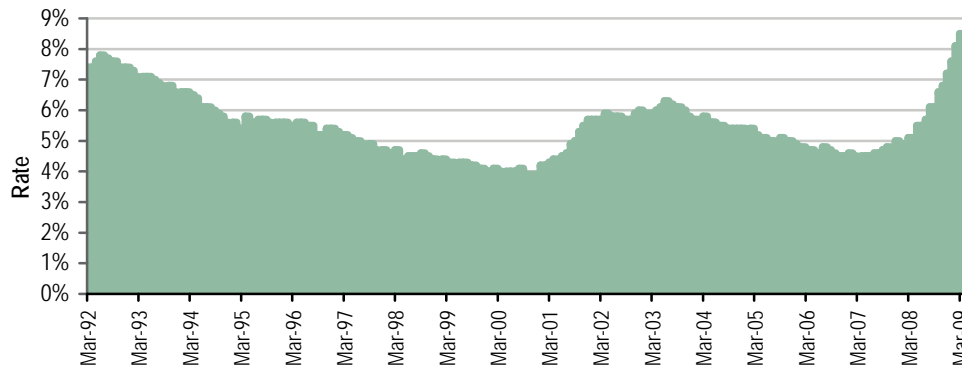
Fed Funds Target Rate

During Q1 2009, the Federal Reserve kept the fed funds target rate steady at 0-0.25 percent to counter the deflationary pressures created by the current recession and to maintain liquidity in the market. After its meeting on March 18, the Fed announced its plan to purchase up to \$300 billion of outstanding Treasury issues and up to \$750 billion of Agency mortgage-backed securities over the next six months in an effort to keep real borrowing rates low. The adjacent graph shows the fed funds target rate since March 1992.



Source: Federal Reserve Board

Labor Market Contraction and the Unemployment Rate



Source: Bureau of Labor Statistics

The labor market continued to contract during Q1 2009. The unemployment rate increased to 8.5 percent, the highest rate since 1983. During the quarter, payroll employment fell by 2.1 million jobs. Since the start of the recession in December of 2007, the employment base contracted by 5.1 million jobs, or 3.7 percent, as employers cut payrolls in order to decrease expenses.

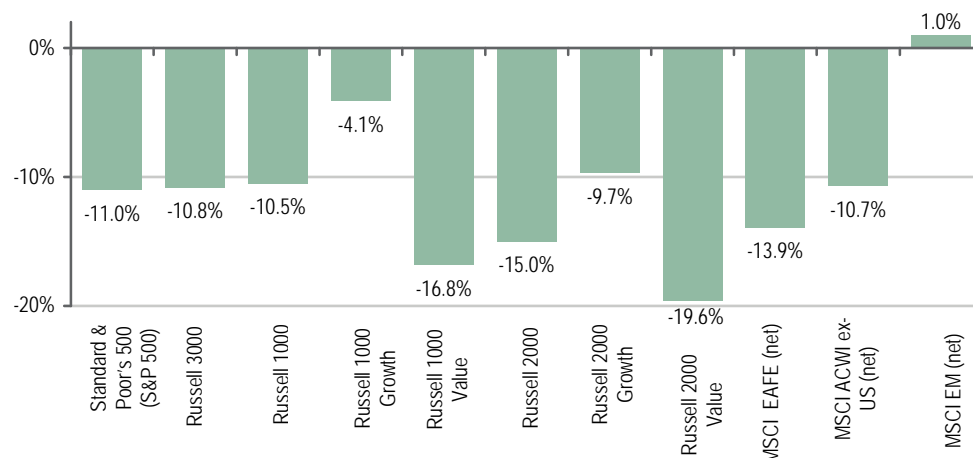
Job losses were broad across almost every sector of the economy, with healthcare the only industry that did not experience a contraction. The largest losses were in manufacturing, construction, and business services. The adjacent graph shows the unemployment rate since March 1992.

Investment Performance: Selected Rates of Return

This page presents rates of return for selected equity, fixed income, and other indices. The graphs illustrate returns for Q1 2009. The tables of data show returns for the latest quarter, year-to-date (YTD), one-, three-, five- and 10-year annualized timeframes. All data in the tables are percentages.

Equity Index Returns

Equity Index Returns: Q1 2009

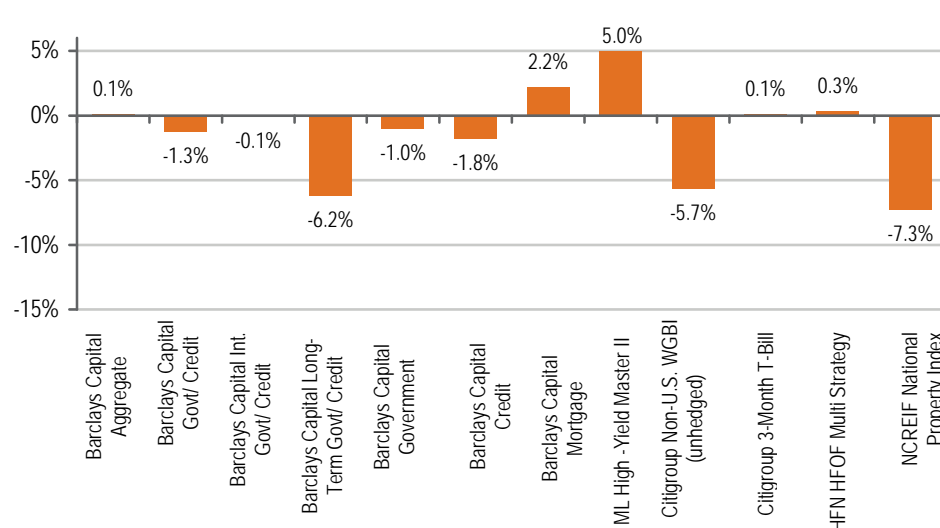


*Index represents the return of the benchmark net of dividends paid on the stocks.

Equity Indices	Quarter	YTD	1-year	3-year	5-year	10-year
Standard & Poor's 500	-11.0	-11.0	-38.1	-13.1	-4.8	-3.0
Russell 3000	-10.8	-10.8	-38.2	-13.6	-4.6	-2.3
Russell 1000	-10.5	-10.5	-38.3	-13.2	-4.5	-2.6
Russell 1000 Growth	-4.1	-4.1	-34.3	-11.3	-4.4	-5.3
Russell 1000 Value	-16.8	-16.8	-42.4	-15.4	-4.9	-0.6
Russell 2000	-15.0	-15.0	-37.5	-16.8	-5.2	1.9
Russell 2000 Growth	-9.7	-9.7	-36.4	-16.2	-5.4	-1.6
Russell 2000 Value	-19.6	-19.6	-38.9	-17.5	-5.3	4.9
MSCI EAFE (net)*	-13.9	-13.9	-46.5	-14.5	-2.2	-0.8
MSCI ACWI ex-U.S. (net)*	-10.7	-10.7	-46.5	-13.2	-0.7	0.5
MSCI EM (net)*	1.0	1.0	-47.1	-8.2	5.9	7.8

Fixed-Income and Other Index Returns

Fixed Income and Other Index Returns: Q1 2009



Fixed Income Indices	Quarter	YTD	1-year	3-year	5-year	10-year
Barclays Capital Aggregate	0.1	0.1	3.1	5.8	4.1	5.7
Barclays Capital Govt/Credit	-1.3	-1.3	1.8	5.5	3.7	5.6
Barclays Capital Intermediate Govt/Credit	-0.1	-0.1	2.0	5.6	3.7	5.4
Barclays Capital Long-Term Govt/Credit	-6.2	-6.2	1.0	4.9	3.9	6.3
Barclays Capital Government	-1.0	-1.0	7.0	8.1	5.2	6.2
Barclays Capital Credit	-1.8	-1.8	-5.2	1.8	1.6	4.7
Barclays Capital Mortgage	2.2	2.2	8.1	7.6	5.6	6.2
ML High-Yield Master II	5.0	5.0	-20.3	-5.0	-0.3	2.4
Citigroup Non-U.S. WGBI (unhedged)	-5.7	-5.7	-6.4	7.4	4.4	5.5
Citigroup 3-Month T-Bill	0.1	0.1	1.1	3.4	3.1	3.2
Other Indices						
HFN HFOF Multi-Strategy	0.3	0.3	-17.0	-2.8	1.3	6.2
NCREIF National Property Index	-7.3	-7.3	-14.7	4.2	9.4	9.4

Investment Performance: Equity Sector and Yield Spread Analysis

This page presents data on sector and spread analysis for Q1 2009 alongside commentary from Segal Advisors.

Equity Sector Analysis

The financial sector continued its downturn, experiencing the worst quarterly decline of all the sectors in the S&P 500 Index. It contributed -3.3 percent to the -11.0 percent total Index loss. All sectors experienced negative absolute returns, except for the information technology sector, which contributed positively to the S&P 500 Index. See the adjacent table.

S&P 500 Sector Performance

	First Quarter 2009		
	Ending Weight (%)	Return (%)	Contribution (%)
Consumer Discretionary	8.6	-8.0	-0.6
Consumer Staples	12.8	-10.5	-1.4
Energy	13.2	-11.4	-1.6
Financials	10.7	-28.1	-3.3
Health care	15.3	-8.0	-1.4
Industrials	9.8	-20.9	-2.5
Information Technology	18.0	4.4	0.8
Materials	3.3	-1.7	0.0
Telecom	4.0	-7.1	-0.2
Utilities	4.2	-10.8	-0.6

Source: Standard & Poor's

Option Adjusted Spreads

OAS in Basis Points (bps)

	Option Adjusted Spreads		
	9/30/08	12/31/08	3/31/09
U.S. Aggregate Index	176	213	187
U.S. Agency (Non-mortgage) Sector	115	93	78
Mortgage and ABS Sectors:			
• Mortgage-Backed Securities	135	145	102
• Asset-Backed Securities	584	955	706
• CMBS	480	1010	1049
Credit Sectors:			
• U.S. Investment Grade	385	493	543
– Industrial	325	500	422
– Utility	335	537	440
– Financial Institutions	613	629	769
• U.S. High Yield	1020	1669	1514

Source: Baird Advisors using Barclays Capital Data

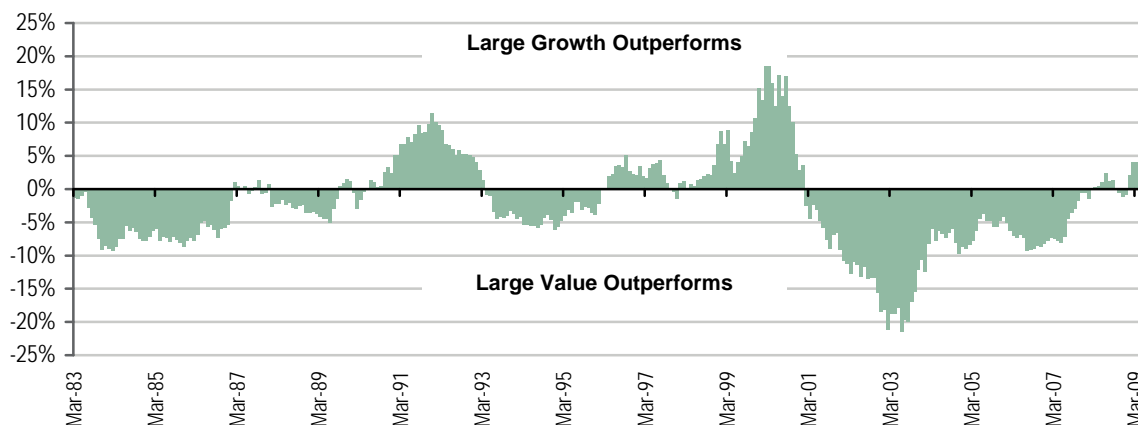
Yield spreads of non-Treasury sectors were mixed in Q1 2009. Government purchases of Agency debentures and Agency mortgage-backed securities in the first quarter contributed to spread tightening in these sectors by 15 bps and 43 bps, respectively, while liquidity provided by TALF helped ABS spreads to tighten by 249 bps. Investment grade corporate spreads widened overall by 50 bps (to 543 bps from 493 bps) on downgrades and write-down concerns in the finance sector despite tightening in industrials and utilities. CMBS spreads were very volatile during the quarter but finished marginally wider (+39 bps to 1049 bps from 1010 bps) once the Government revealed its intentions to help purchasers of AAA-rated CMBS.

Investment Performance: Long-Term Equity Trends

Page 5 and page 6 focus on Segal Advisors' observations on the relative performance of selected indices. All of the graphs on this page show rolling three-year return deviations from March 1983 through March 2009. These graphs demonstrate the importance of diversification over the long term. Changes are expressed in terms of percentages and/or basis points (bps).

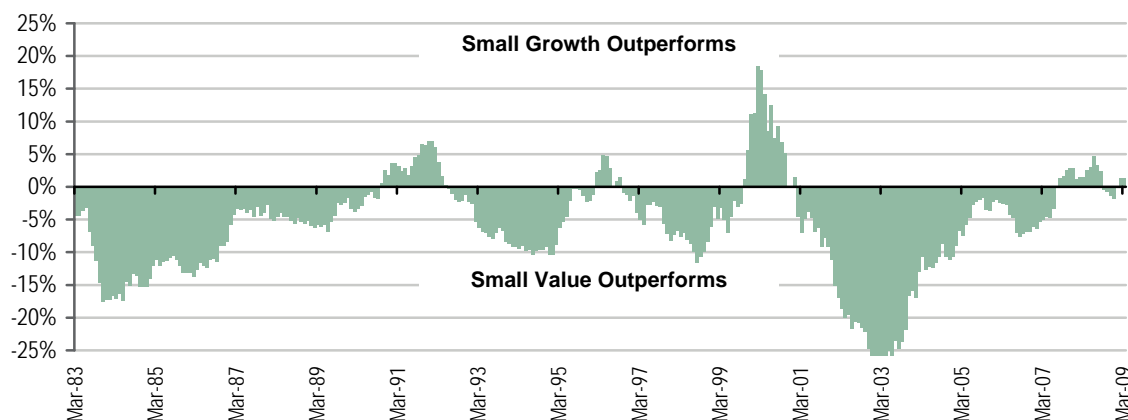
Large Growth Stocks vs. Large Value Stocks

After a short period of underperformance, large growth stocks once again outperformed large value stocks, as the Russell 1000 Growth (R1000G) outpaced the Russell 1000 Value (R1000V) during Q1 2009. The R1000G significantly outpaced the R1000V on a trailing one-year basis (+841 bps) and on a trailing three-year basis (+410 bps). The adjacent graph compares the rolling three-year returns for both indices. Since the inception of these indices in January 1979, the R1000V increased 11.0 percent and the R1000G increased 9.4 percent, a difference of 160 bps.



Source: Russell Investments

Small Growth Stocks vs. Small Value Stocks

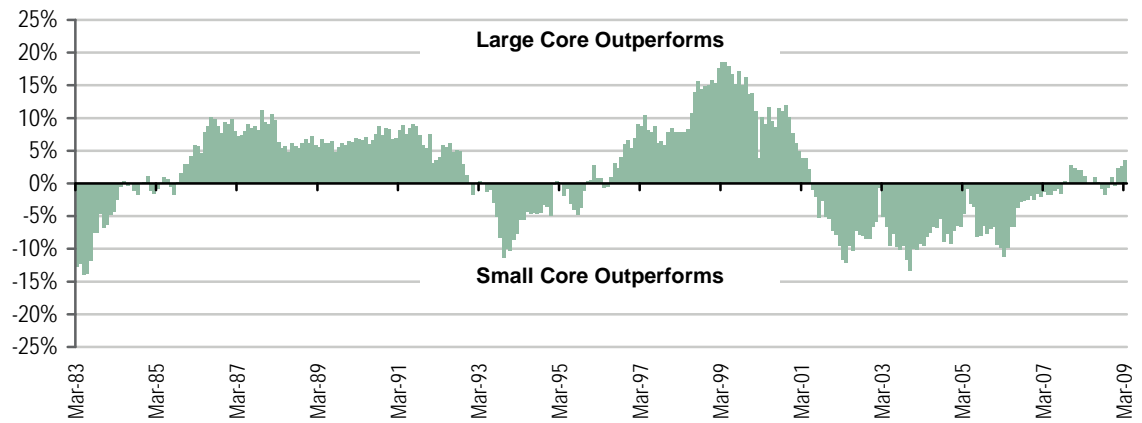


Source: Russell Investments

Similar to large cap stocks, the Russell 2000 Growth (R2000G) outpaced the Russell 2000 Value (R2000V) during Q1 2009, after a short period in which growth had underperformed. The R2000G outperformed the R2000V on a trailing one-year (+254 bps) and a trailing three-year basis (+130 bps), after four months of underperformance. The adjacent graph compares the rolling three-year returns for both indices. Since the inception of these indices in January 1979, the R2000V increased 12.2 percent and the R2000G increased 7.6 percent, a difference of 452 bps.

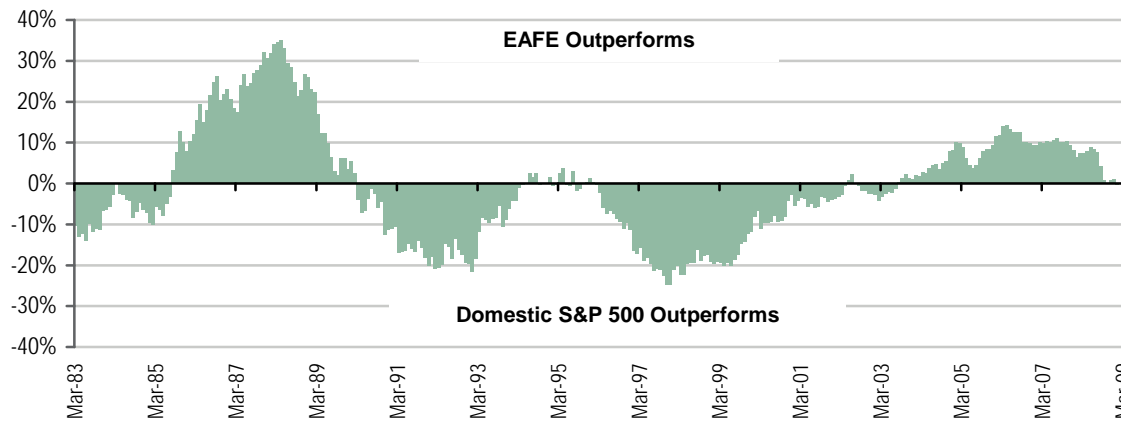
Large Stocks vs. Small Stocks

As seen in past economic recessions, there tend to be multiple inflection points between small cap stocks and large cap stocks before the emergence of a long-term trend. The current downturn has been no different. After a short run of small cap stocks outperforming, the Russell 1000 (R1000) outpaced the Russell 2000 (R2000) on a trailing one-year basis (450 bps) and on a trailing three-year basis (360 bps). The adjacent graph compares the rolling three-year returns for both indices. Since the inception of these indices in January 1979, the R1000 increased 10.5 percent and the R2000 increased 10.1 percent, a difference of 35 bps.



Source: Russell Investments

Foreign Stocks vs. U.S. Stocks



Sources: Morgan Stanley Capital International and Standard & Poor's

The most recent quarter marked the first time in roughly five years that domestic stocks outperformed international stocks on a rolling three-year basis. For the trailing one-year, the S&P 500 Index continued to outpace the MSCI EAFE Index by 842 bps and outperformed the international index by 140 bps for the trailing three-year period. Since January 1979, the S&P 500 increased 10.5 percent and the EAFE increased 8.3 percent, a difference of 220 bps. The adjacent graph compares the rolling three-year returns for both indices.

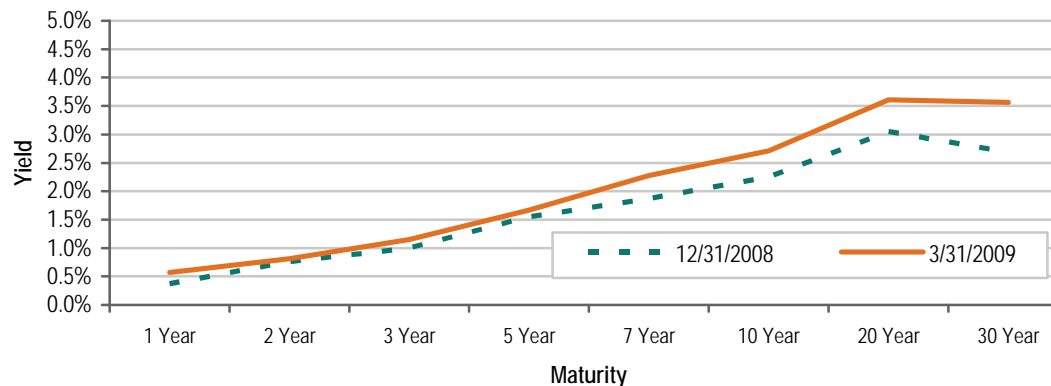
Investment Performance: Fixed Income and Alternative Asset Class Data

Page 7 and page 8 focus on selected fixed-income and alternative asset class data along with Segal Advisors' commentary.

Continued Yield Curve Steepening

During Q1 2009, Treasury yields recovered from the historic low levels experienced at the end of December. In addition, the curve steepened significantly by the end of March, as the difference between the 2- and 30-year Treasury yields jumped to 2.7 percent on March 31 from 1.9 percent at the end of Q4 2008.

Through March 17, Treasury yields rose as supply concerns and attractive yields offered by non-Treasury sectors depressed investor demand. At its March 18 meeting, the Fed announced its plan to buy outstanding Treasuries, which helped lower the yields across the curve by 14-35 bps from the year to date highs reached on February 28.



Source: U.S. Treasury Department

Moderate Tightening of Credit Spreads

Moody's Corporate-Treasury Bond Spread Baa 10-Yr Constant Maturities



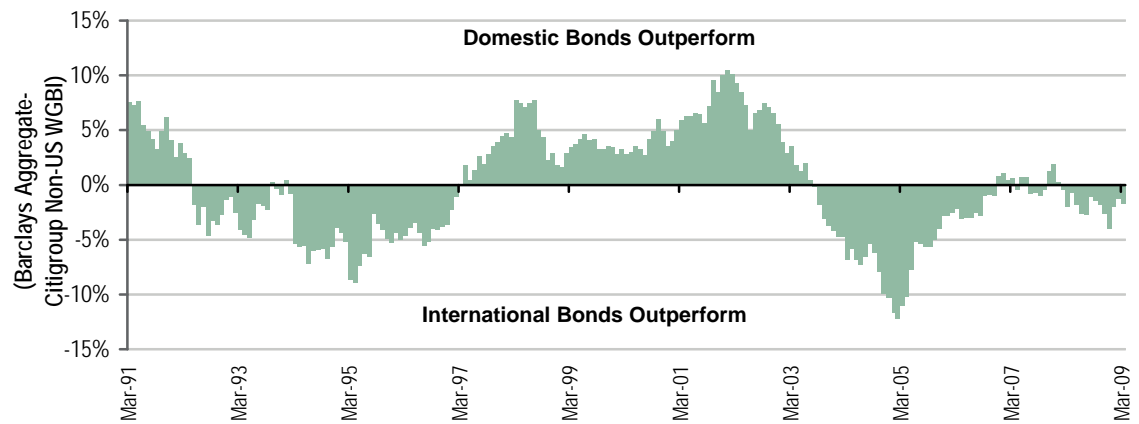
Source: Moody's Economy.com

During Q1 2009, credit spreads came in from their historical highs but still ended the quarter at 560 bps over Treasuries. The initial tightening of spreads can be attributed to an increased appetite for risk exhibited by investors. As the economic fundamentals continued to deteriorate, spreads widened from a year to date low of 521 bps at the end of February to 560 bps at the end of March.

International Bond and Domestic Bond Performance

In a reversal from Q4 2008, domestic bonds outperformed international bonds in Q1 2009, which highlights the uncertainty present in the various economies across the world. On a rolling three-year basis, global bonds have outperformed domestic bonds for 14 consecutive months but continue to lag on a rolling ten-year basis. See the adjacent graph.

Performance of U.S. Bonds vs. International Bonds: Rolling Three-Year Return Deviations
March 1991 – March 2009



Source: Barclays Capital and Citigroup

Private Real Estate Sector and Region Performance

National Property Index Sector and Region Performance

	Returns as of the First Quarter 2009		
	% Weight of Index	Quarter (%)	1-year (%)
NCREIF NPI Total Return	100%	-7.3	-14.7
Sector			
Apartment	24.1	-8.7	-16.4
Hotel	1.8	-8.6	-18.2
Industrial	15.6	-7.5	-14.1
Office	37.1	-8.0	-16.3
Retail	21.4	-4.3	-9.5
NCREIF Region			
East	33.2	-8.4	-17.0
Midwest	10.1	-5.6	-11.5
South	21.0	-5.8	-11.3
West	35.6	-7.7	-15.2

Source: National Council of Real Estate Investment Fiduciaries (NCREIF)

The NCREIF NPI lost 7.3 percent for Q1 2009 and 14.7 percent for the trailing one-year period. The Q1 2009 loss was slightly better than the Q4 2008 loss of 8.3 percent, which was the worst quarterly decline since NCREIF started compiling results in 1978. The apartment, hotel, and office sectors were hit the hardest, due to decreased property values, decrease in leisure and business travel, and reduced space usage by companies. The regions with the largest declines were the East and the West, both of which had experienced the greatest value appreciation during the recent real estate boom.

Quarterly Highlights: Noteworthy Developments

Segal Advisors finds the Q1 2009 developments discussed below to be noteworthy for institutional investors.

Part-Time Employment

In March of 2009, the number of Americans working part-time for economic reasons, sometimes referred to as involuntary part-time workers, climbed by 423,000 to 9.0 million. "Part-time for economic reasons" includes individuals who would like to work full-time but were working part-time because their hours had been cut back or because they were unable to find full-time jobs. While many economists closely follow the unemployment rate and changes in payrolls, this statistic may understate how companies are reducing costs during this economic downturn. Many employers are cutting hours to reduce costs, with the average workweek reaching a new low of 33.2 hours in March of 2009. American businesses are also experimenting with furloughs, or temporary leaves of absence. Some economists say that alternatives to layoffs, including furloughs, pay cuts, and reduced workweeks, help to slow the recession's downward trend by preserving jobs, despite lower wages.



Source: US Bureau of Economic Analysis

World GDP and Trade

World GDP & Trade, Percentage Change Over Previous Year



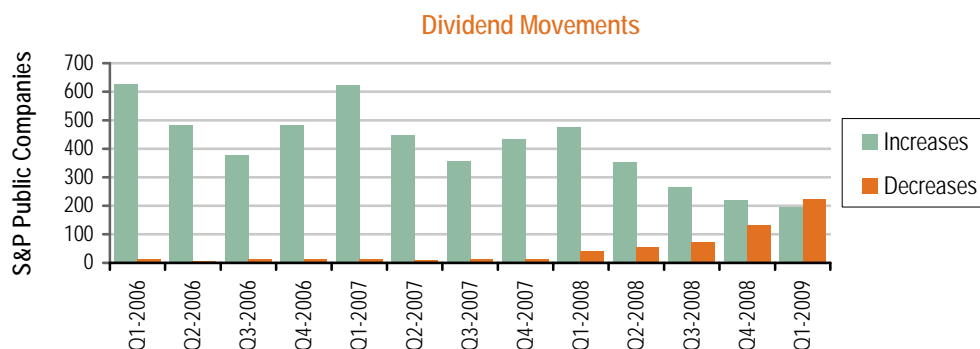
Source: International Monetary Fund (IMF)

As a result of the global recession, the demand for goods and services has collapsed worldwide. An estimated shortfall of \$100 billion in trade finance, which facilitates 90 percent of world trade, has added an additional squeeze. Trade is currently contracting at a rate unmatched in the post-war period. According to the International Monetary Fund, world trade will contract by 11 percent in 2009*. This will be the first decline in trade flows since 1982. Between 1990 and 2006, trade volumes grew by more than 6 percent a year, easily outstripping the growth rate of world output, which was about 3 percent (see adjacent chart). Currently, the global economic machine has reversed: output is declining and trade is tumbling at a faster pace. The economic turmoil has shaken commerce in goods of all sorts, bought and sold by rich and poor countries alike.

* World GDP and world trade volume of goods & services data for 2009 is a forecast.

Dividend Movements

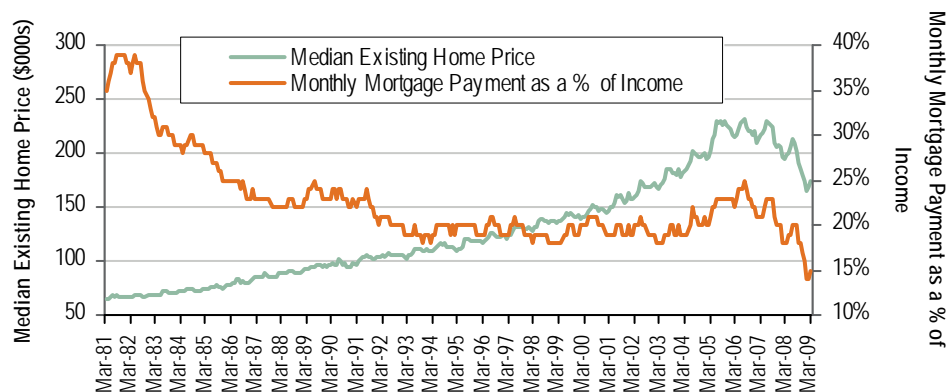
The adjacent chart displays the dividend movements by public companies tracked by Standard & Poor's. The first quarter of 2009 marks the worst quarter for dividend adjustments since 1955, when Standard & Poor's started calculating such data. These movements are a direct result of the current economic environment, as many companies reevaluated their dividend policy, leading to fewer companies increasing their dividends, and additional companies decreasing dividends. Q1 2009 is the only period in which company dividend decreases outpaced dividend increases.



Source: Standard & Poor's

Housing Affordability

National Association of Realtors Housing Affordability Index



Source(s): National Association of Realtors, CBRE

The National Association of Realtors (NAR) affordability index measures whether or not a typical family could qualify for a mortgage loan on a typical home. A typical home is defined as the national median-priced (\$174,900 as of March 31, 2009) existing single-family home. The typical family is defined as one earning the median family income as reported by the U.S. Bureau of the Census (\$61,056 as of March 31, 2009). The prevailing mortgage interest rate is the effective rate on loans closed on existing homes from the Federal Housing Finance Board and HSH Associates. As of March 31, 2009, conventional 30-year, fixed-rate, mortgage loans of \$417,000 or less increased 2 bps during March to 5.05 percent.

As seen in the adjacent chart, the median-priced existing home and the monthly mortgage payment, as a percent of income, bounced off recent lows set in January 2009 (\$164,200 and 14.1%, respectively). The median-priced existing home previously achieved this level in February 2003. The monthly mortgage payment, as a percent of income, has historically (as calculated by NAR) never been at this low of a level - implying that existing homes are more affordable.

Global Government Response: Injections and Stimulus

The table below compares the U.S. federal government's liquidity injections and stimulus initiatives to strategies in response to the global recession used through Q1 2009 by selected other countries and the European Union (EU), grouped by region.

Country	GDP (\$ Billion)	Liquidity Injections Lending Guarantees	Bank Recapitalization	Other Asset Purchases	Monetary Stance	Fiscal Stimulus	Estimated Cost of Fiscal Stimulus
United States of America	14,330	All senior debt issued by banks over next 3 years, estimated at \$1.4 tril	\$290 bil from Troubled Asset Relief Program, includes Capital Purchase Program and Target Investment Program.	Commercial paper, GSE debt and MBS, student loans, credit card securitization, small business loans, auto loans (TALF); estimated cost: \$3.5 tril.	Aggressively easing; FOMC sets fed funds target range at 0% to 0.25%, a historic low.	Economic Stimulus package of 2008 and American Recovery Reinvestment Act of 2009; combined two fiscal packages total roughly \$1 tril (7% of nominal GDP); they include: tax cuts targeted at lower- and middle-income households; aid to state governments coping with huge budget gaps, and infrastructure spending.	\$1,000 bil
Canada	1,564	Creation of Canadian Lenders Assurance Facility insuring new issues of certain senior unsecured wholesale debt; central bank accepts non-mortgage loan portfolios as collateral for new Term Loan Facility on temporary basis.		Purchase of up to \$75 bil in insured mortgage pools.	Aggressively easing; 0.5%, its lowest level ever; 400 basis points of easing since Dec 07; quantitative easing now expected.	C\$40 bil fiscal stimulus package over the next two years; 1.5% of 2009 GDP, includes personal tax relief, extended unemployment insurance benefits, infrastructure program spending projects and home renovation tax credits to help housing industry; also loans to auto industry.	\$32 bil
Brazil	1,665	Central bank has provided liquidity.		Central bank and government helped banks and companies to refinance external debt.	Easing; Selic rate cut by 100 bps to 12.75%.	Government to spend on infrastructure.	\$20 bil
United Kingdom	2,787	Up to £250 bil available from central bank in loan guarantees for all new bank debt; additional £185 bil available to swap illiquid assets for Treasury bills; deposit guarantees for savers increased from £35,000 to £50,000; £100 bil guarantee of mortgage-backed debt; £21.3 bil guarantee bank loans to small- and medium-sized enterprises; £2.5 bil in loan guarantees to auto industry.	£25 bil in permanent capital for banks with additional £25 bil available as stand-by; £37 bil used in recapitalisation of Royal Bank of Scotland, Lloyds TSB and HBOS	£50 bil allocated to the Asset Purchase Facility.	Extremely accommodative; main repo rate now at a record low 0.5%.	£20 bil. stimulus package (around 1% of GDP) focused mainly on shoring up the decline in domestic demand by lowering taxes, including a temporary reduction in the VAT from 17.5% to 15%. To aid the domestic housing market, the government has allocated £1 billion in housing-related initiatives.	\$28.6 bil
EU27	18,850	EU members buy preferred shares; guarantee private bank deposits up to €50,000 and new bank debt until end of 2009; ECB offers unlimited liquidity at auctions.			Aggressively easing; 2.0%; 4th rate cut since Oct 08, with more cuts expected.	EU finance ministers ruled out joint fiscal stimulus package but €200 bil package of co-ordinated national measures has been loosely agreed on, though it's not binding.	\$256 bil (€200 bil)

Country	GDP (\$ Billion)	Liquidity Injections Lending Guarantees	Bank Recapitalization	Other Asset Purchases	Monetary Stance	Fiscal Stimulus	Estimated Cost of Fiscal Stimulus
Germany	3,818	€100 bil to lend to businesses that have difficulty obtaining financing at reasonable rates, on top of €500 bil to guarantee bank debt; €50 bil bailout of major bank; State of Hesse provided €500 mil credit guarantee to Opel, German arm of General Motors	€100 bil.		Follows ECB.	€50 bil on top of previously announced €32 bil; includes infrastructure spending, lower health insurance payments, reduction of lowest income-tax rate, & one-off bonus payments in child allowance.	\$104.96 bil (or €82 bil)
France	2,978	Bank debt guarantee of €320 bil.	€10.5 bil bank bailout plan announced in 08; government to subscribe to subordinated debt issued by Credit Agricole for €3 bil; BNP Paribas, for €2.55 bil; Societe Generale for €1.7 bil; Credit Mutuel for €1.2 bil; €1.1 bil in loans to Caisse d'Epargne, and €950 mil to Banque Populaire; additional €10.5 bil in bank bailout funds recently announced.		Follows ECB.	About €30 bil., or 1.3% of GDP; focus is on industry (€6 bil earmarked for automotive sector; €7 bil to support lenders to finance French exports) with €2.6 bil in 09 to help struggling households.	\$38.4 bil
Japan	4,844	¥13 tril to stabilize financial system including additional ¥3 tril to buy commercial paper.	Some portion of the ¥13 tril to stabilize financial system will be used to recapitalize struggling banks.		Easing; policy rate set at 0.1%.	Around ¥40 tril in spending announced in three stimulus packages (Aug, Sept and Dec), though some repackaging (or double counting) could be present; includes help for laid-off workers, tax cuts for homeowners and companies that invest, more business loans, grants to local governments to support job creation, financial system injections, new credit guarantees for small and mid-sized companies, and 12,000 yen cash payments to individuals.	Around \$420 bil (¥40 tril), though some double counting could be present
China	4,222				Easing; 5.58%, 189 bps cut since Sep 08.	Central government to spend 4 tril yuan (\$586 bil) on low-income housing, electricity, water, rural infrastructure, disaster relief, transport, environmental protection and technological innovation projects; provincial governments to add additional 10 tril yuan (\$1.464 tril) stimulus.	\$2,050 bil
Australia	1,069	Guarantee (i) all bank deposits under A\$1 mil, and (ii) borrowing from overseas.		A\$8 bil to buy RMBS.	Easing; 3.25%, 400 bps in rate cuts since September.	A\$10.4 bil (1% of GDP) announced in October 08, including: one-off payments to pensioners, carers, and families; increased first-home buyer allowances; additional A\$42 bil (over four years) announced in February, including one-off payments to families and workers; infrastructure expenditure on schools, social, defense, housing and roads.	\$33 bil (A\$52.4 bil)

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PLAN ACTIVITY
January 1, 2009 through March 31, 2009

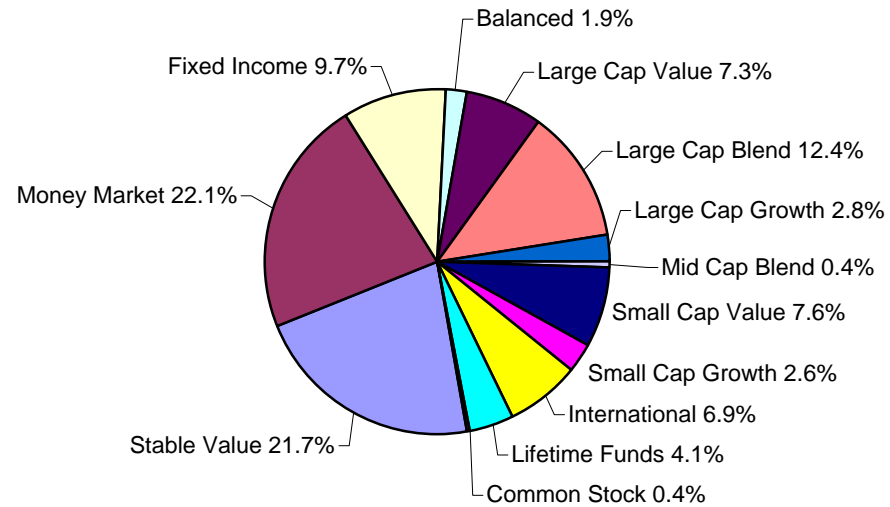
Funds	Beginning Balance January 1, 2009	Contributions	Withdrawals/ Distributions	Net Transfers	Fees	Investment Gains/Losses	Ending Balance March 31, 2009
Principal 2 Year Guaranteed Interest Account*	\$ 869,152	\$ 31,723	\$ (46,941)	\$ 26,828	\$ (2,227)	\$ 5,475	\$ 884,011
Principal 7 Year Guaranteed Interest Account*	\$ 1,599,721	\$ 26,253	\$ (1,359)	\$ 34,049	\$ (1,963)	\$ 13,807	\$ 1,670,508
Principal Money Market Account	\$ 2,575,070	\$ 74,572	\$ (53,312)	\$ (2,395)	\$ (2,066)	\$ 3,914	\$ 2,595,783
Principal Bond & Mortgage Account	\$ 1,100,723	\$ 35,747	\$ (501)	\$ 14,234	\$ (272)	\$ (4,631)	\$ 1,145,300
Principal Stock Emphasis Balanced Account	\$ 236,501	\$ 8,886	\$ -	\$ (2,755)	\$ (177)	\$ (20,549)	\$ 221,907
Vanguard Windsor II Fund Inv	\$ 978,342	\$ 39,780	\$ (334)	\$ (33,758)	\$ (174)	\$ (127,435)	\$ 856,420
Principal Large Cap Stock Index Account	\$ 1,598,059	\$ 44,860	\$ (348)	\$ (8,397)	\$ (187)	\$ (177,781)	\$ 1,456,206
Principal Large Company Growth Account	\$ 326,995	\$ 20,304	\$ (130)	\$ (5,630)	\$ (636)	\$ (17,336)	\$ 323,567
Principal Mid Cap Stock Fund (Edge)	\$ 30,272	\$ 3,476		\$ 14,239		\$ (3,863)	\$ 44,124
Principal Small Company Value Account	\$ 1,092,918	\$ 21,526	\$ -	\$ (26,093)	\$ (431)	\$ (190,872)	\$ 897,049
Vanguard Explorer Fund	\$ 338,030	\$ 13,325	\$ (100)	\$ (20,744)	\$ (239)	\$ (25,450)	\$ 304,822
Principal Diversified International Account	\$ 888,912	\$ 37,730	\$ (257)	\$ 18,595	\$ (142)	\$ (128,488)	\$ 816,350
Principal Lifetime Strategic Income	\$ 58,025	\$ 2,129	\$ -	\$ 98	\$ -	\$ (2,586)	\$ 57,665
Principal Lifetime 2010	\$ 95,408	\$ 5,864	\$ -	\$ (6,874)	\$ -	\$ (7,877)	\$ 86,521
Principal Lifetime 2020	\$ 190,609	\$ 11,613	\$ -	\$ -	\$ -	\$ (16,762)	\$ 185,460
Principal Lifetime 2030	\$ 92,961	\$ 6,645	\$ (1,145)	\$ -	\$ (596)	\$ (8,775)	\$ 89,091
Principal Lifetime 2040	\$ 40,579	\$ 5,723	\$ -	\$ -	\$ (2)	\$ (4,024)	\$ 42,276
Principal Lifetime 2050	\$ 23,539	\$ 4,117	\$ -	\$ -	\$ -	\$ (2,470)	\$ 25,186
Principal Common Stock Account	\$ 128,461	\$ -	\$ -	\$ (1,397)	\$ (78)	\$ (80,605)	\$ 46,381
Total	\$ 12,264,275	\$ 394,273	\$ (104,427)	\$ (0)	\$ (9,188)	\$ (796,307)	\$ 11,748,626

* Contributions include matured accounts reinvested

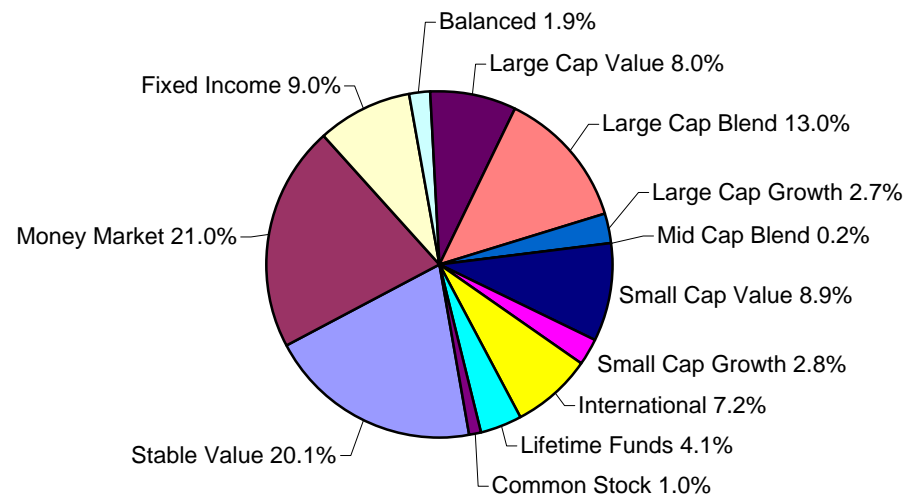
Asset Allocation Summary
As of March 31, 2009

Fund	Plan Assets	% of Total
Principal 2 Year Guaranteed Interest Account*	\$ 884,011	7.5%
Principal 7 Year Guaranteed Interest Account*	\$ 1,670,508	14.2%
Principal Money Market Account	\$ 2,595,783	22.1%
Principal Bond & Mortgage Account	\$ 1,145,300	9.7%
Principal Stock Emphasis Balanced Account	\$ 221,907	1.9%
Vanguard Windsor II Fund Inv	\$ 856,420	7.3%
Principal Large Cap Stock Index Account	\$ 1,456,206	12.4%
Principal Large Company Growth Account	\$ 323,567	2.8%
Principal Mid Cap Stock Fund (Edge)	\$ 44,124	0.4%
Principal Small Company Value Account	\$ 897,049	7.6%
Vanguard Explorer Fund	\$ 304,822	2.6%
Principal Diversified International Account	\$ 816,350	6.9%
Principal Lifetime Strategic Income	\$ 57,665	0.5%
Principal Lifetime 2010	\$ 86,521	0.7%
Principal Lifetime 2020	\$ 185,460	1.6%
Principal Lifetime 2030	\$ 89,091	0.8%
Principal Lifetime 2040	\$ 42,276	0.4%
Principal Lifetime 2050	\$ 25,186	0.2%
Principal Common Stock Account	\$ 46,381	0.4%
Total Assets	\$ 11,748,626	100.0%

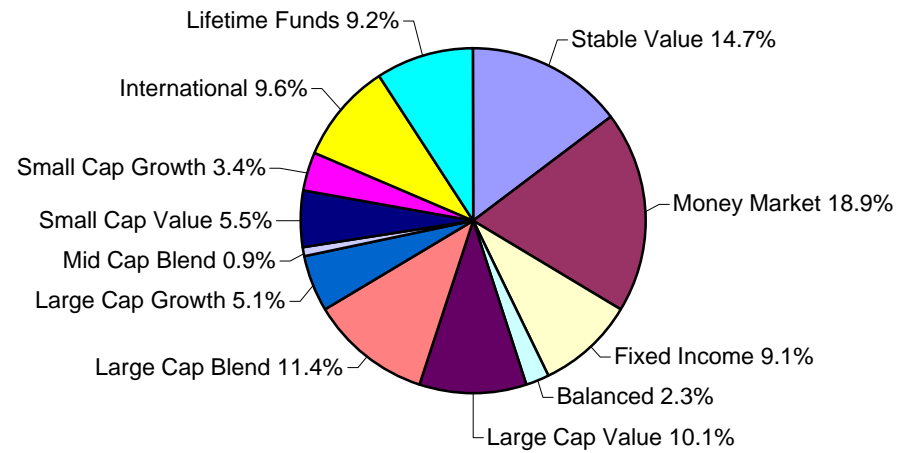
Asset Allocation as of March 31, 2009



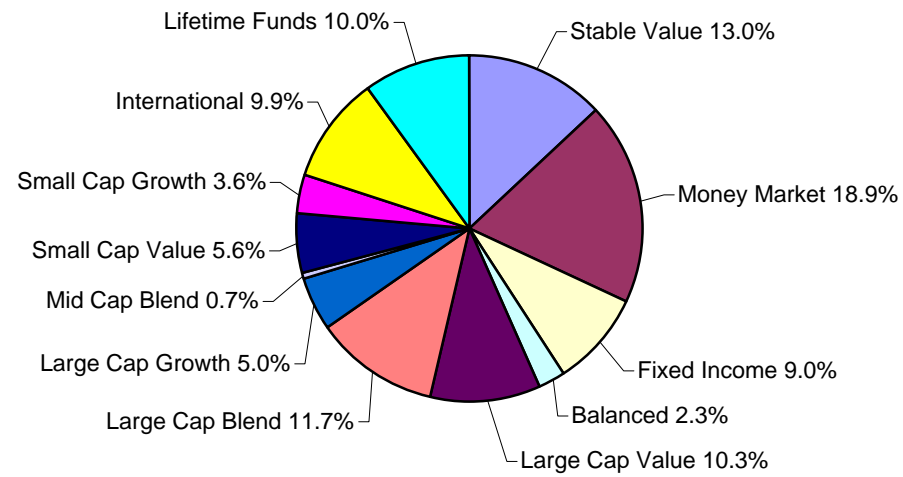
Asset Allocation as of January 1, 2009



Plan Contributions - 1st Quarter 2009



Plan Contributions - 4th Quarter 2008



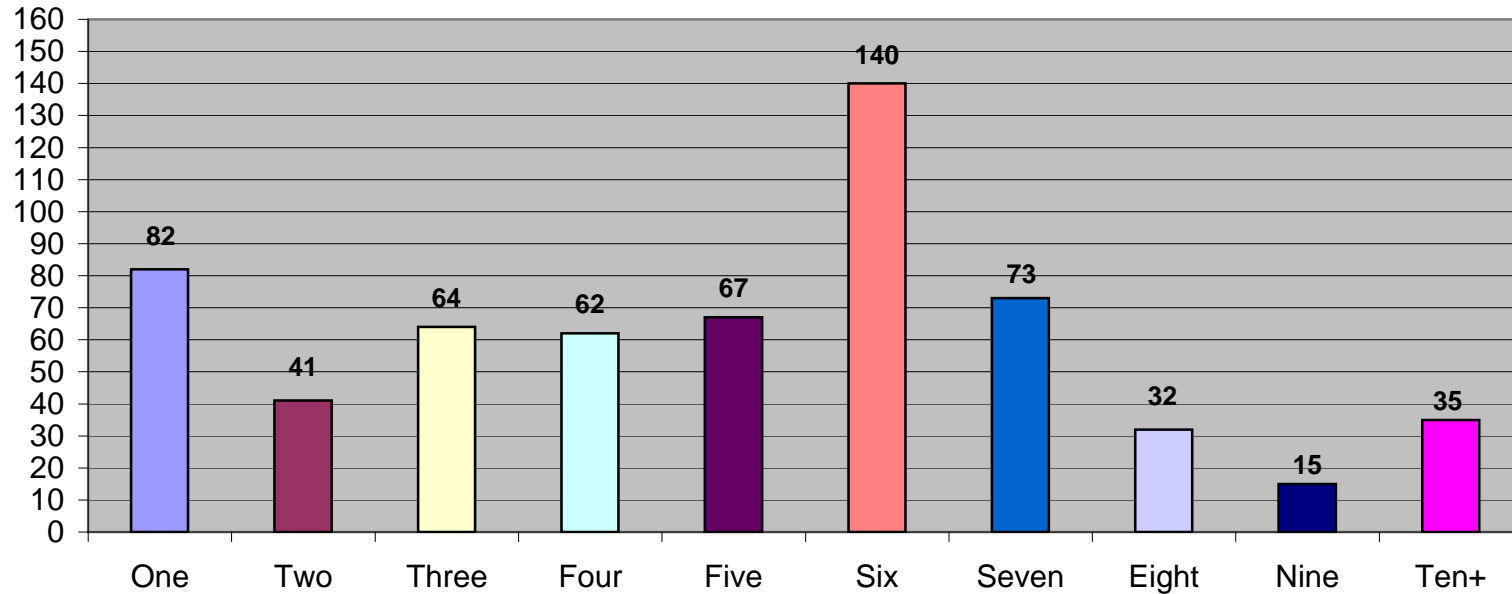
Performance Summary
For Periods Ended March 31, 2009

Funds	QTR (%)	1 YR (%)	3 YR (%)	5 YR (%)	Expense Ratio	Morningstar Rating	Market Value
Principal 2-Year Guaranteed Interest Account	0.45	2.24	3.05	2.78	-	-	\$ 884,011
Principal 7-Year Guaranteed Interest Account	1.91	3.46	3.82	3.63	-	-	\$ 1,670,508
Principal Money Market Account	0.15	1.66	3.65	3.07	0.56	-	\$ 2,595,783
90-Day U.S. T-Bill	0.03	1.20	3.58	3.11	-	-	
Principal Bond & Mortgage Account ***WATCHLIST***	-0.36	-11.93	-1.97	-0.40	0.71	-	\$ 1,145,300
Barclays Capital Aggregate Bond Index	0.12	3.13	5.78	4.13	-	-	
Median of the U.S. Broad Market Core Fund	0.43	-3.13	2.54	2.04	-	-	
Principal Stock Emphasis Balanced Account ***WATCHLIST***	-8.54	-33.48	-10.00	-1.61	0.78	-	\$ 221,907
58.0% Russell 3000 / 30.0% Barclays Cap Agg / 12.0% MSCI EAFE Net	-7.83	-28.49	-7.89	-1.47	-	-	
Median of the All Balanced Fund Universe	-6.11	-28.49	-7.91	-1.96	-	-	
Vanguard Windsor II Fund Inv	-12.93	-37.93	-13.68	-4.24	0.39	★ ★ ★	\$ 856,420
Russell 1000 Value Index	-16.77	-42.42	-15.40	-4.94	-	-	-
Median of the U.S. Equity Large Cap Value Fund Universe	-13.37	-39.52	-14.29	-5.07	-	-	
Principal Large Cap Stock Index Account	-10.99	-38.14	-13.24	-5.01	0.31	-	\$ 1,456,206
S&P 500 Index	-10.01	-38.09	-13.06	-4.76	-	-	
Median of the U.S. Equity Large Cap Core Fund Universe	-9.92	-37.24	-13.01	-4.81	-	-	
Principal Large Company Growth Account	-5.37	-38.20	-11.36	-2.60	0.71	-	\$ 323,567
Russell 1000 Growth Index	-4.12	-34.28	-11.28	-4.38	-	-	
Median of the U.S. Equity Large Cap Growth Fund Universe	-3.64	-34.91	-12.13	-4.89	-	-	
Principal Mid Cap Stock Fund ***WATCHLIST***	-11.16	-33.78	-15.15	N/A	1.33	★ ★ ★	\$ 44,124
S&P Mid Cap 400 Index	-8.66	-36.10	-13.61	-2.84	-	-	
Median of the U.S. Equity Mid Cap Core Fund Universe	-8.39	-37.81	-14.79	-3.87	-	-	
Principal Small Company Value Account	-17.50	-37.15	-16.37	-3.91	0.91	-	\$ 897,049
Russell 2000 Value Index	-19.64	-38.89	-17.54	-5.30	-	-	
Median of the U.S. Equity Small Cap Value Fund Universe	-16.02	-39.30	-17.45	-5.10	-	-	
Vanguard Explorer Fund	-7.57	-37.21	-17.11	-5.55	0.51	★ ★ ★ ★	\$ 304,822
Russell 2000 Growth Index	-9.74	-36.36	-16.20	-5.37	-	-	
Median of the U.S. Equity Small Cap Growth Fund Universe	-8.43	-37.48	-16.99	-6.05	-	-	
Principal Diversified International Stock Account	-14.07	-48.24	-14.75	0.04	1.06	-	\$ 816,350
MSCI Net EAFE	-13.94	-46.51	-14.47	-2.18	-	-	
Median of the International Equity Large Cap Core	-13.67	-46.82	-15.11	-2.93	-	-	
Principal Lifetime Strategic Income ***WATCHLIST***	-4.45	-22.79	-7.12	-1.80	0.85	-	\$ 57,665
75.0% Barclays Cap Agg / 19.0% Russell 3000 / 6.0% MSCI EAFE Net	-2.74	-9.31	0.86	2.28	-	-	
Principal Lifetime 2010 ***WATCHLIST***	-7.50	-31.35	-10.40	-3.18	0.95	-	\$ 86,521
43.0% Barclays Cap Agg / 41.9% Russell 3000 / 15.1% MSCI EAFE Net	-6.51	-23.78	-5.41	-0.22	-	-	
Principal Lifetime 2020 ***WATCHLIST***	-8.76	-34.84	-11.59	-3.42	1.01	-	\$ 185,460
51.1% Russell 3000 / 29.5% Barclays Cap Agg / 19.4% MSCI EAFE Net	-8.13	-29.41	-8.04	-1.32	-	-	
Principal Lifetime 2030 ***WATCHLIST***	-9.52	-37.26	-12.58	-3.73	1.04	-	\$ 89,091
57.3% Russell 3000 / 22.5% MSCI EAFE Net / 20.2% Barclays Cap Agg	-9.26	-33.12	-9.85	-2.09	-	-	
Principal Lifetime 2040 ***WATCHLIST***	-9.85	-38.88	-13.34	-3.99	1.06	-	\$ 42,276
61.8% Russell 3000 / 24.7% MSCI EAFE Net / 13.5% Barclays Cap Agg	-10.07	-35.70	-11.15	-2.66	-	-	
Principal Lifetime 2050 ***WATCHLIST***	-10.34	-39.89	-13.89	-4.13	1.09	-	\$ 25,186
64.2% Russell 3000 / 25.8% MSCI EAFE Net / 10.0% Barclays Cap Agg	-10.50	-37.01	-11.83	-2.96	-	-	

**Participant Counts
as of March 31, 2009**

Fund	Number of Participants per Fund	Number of One-Funders
Principal 2 Year Guaranteed Interest Account*	138	17
Principal 7 Year Guaranteed Interest Account*	198	3
Principal Money Market Account	315	42
Principal Bond & Mortgage Account	284	1
Principal Stock Emphasis Balanced Account	95	0
Vanguard Windsor II Fund Inv	316	3
Principal Large Cap Stock Index Account	370	0
Principal Large Company Growth Account	219	1
Principal Mid Cap Stock Fund (Edge)	39	0
Principal Small Company Value Account	224	0
Vanguard Explorer Fund	186	0
Principal Diversified International Account	320	1
Principal Lifetime Strategic Income	25	1
Principal Lifetime 2010	29	1
Principal Lifetime 2020	34	3
Principal Lifetime 2030	28	5
Principal Lifetime 2040	28	4
Principal Lifetime 2050	20	0
Principal Common Stock Account	191	0

Principal Investment Diversification as of March 31, 2009



Number of Funds	Number of Participants	Percent
One	82	13.4%
Two	41	6.7%
Three	64	10.5%
Four	62	10.1%
Five	67	11.0%
Six	140	22.9%
Seven	73	11.9%
Eight	32	5.2%
Nine	15	2.5%
Ten+	35	5.7%
		100%

Average Number of funds being used in the Plan	5
Average Account Balance	\$19,137
Total Participants in Plan	611

Comments & Conclusions

The **Principal Bond & Mortgage Fund** underperformed the Lehman Aggregate Bond Index (-0.4% vs. 0.1%) for the first quarter of 2009. The Fund was underweight Treasuries during the first quarter which contributed to performance. The portfolio was long in duration, which hindered performance as interest rates rose. Also, an overweight sector allocation to CMBS and investment-grade credit detracted from performance. In addition, the portfolio's allocation to mortgage-backed securities (MBS), which varied between overweight and underweight during the period, was a slight negative. In total, security selection negatively contributed to performance, with preferred securities and floating rate asset-backed securities responsible for the majority of the negative impact. **The Fund is currently on the Watchlist and a search is being conducted for a potential replacement.**

The **Principal Stock Emphasis Fund** underperformed the balanced Index (-8.5% vs. -7.8%) for the recent quarter. During the first quarter, the underperformance was a result of the fixed income and international portfolio. The fixed income portfolio had an overweight to the spread sectors.

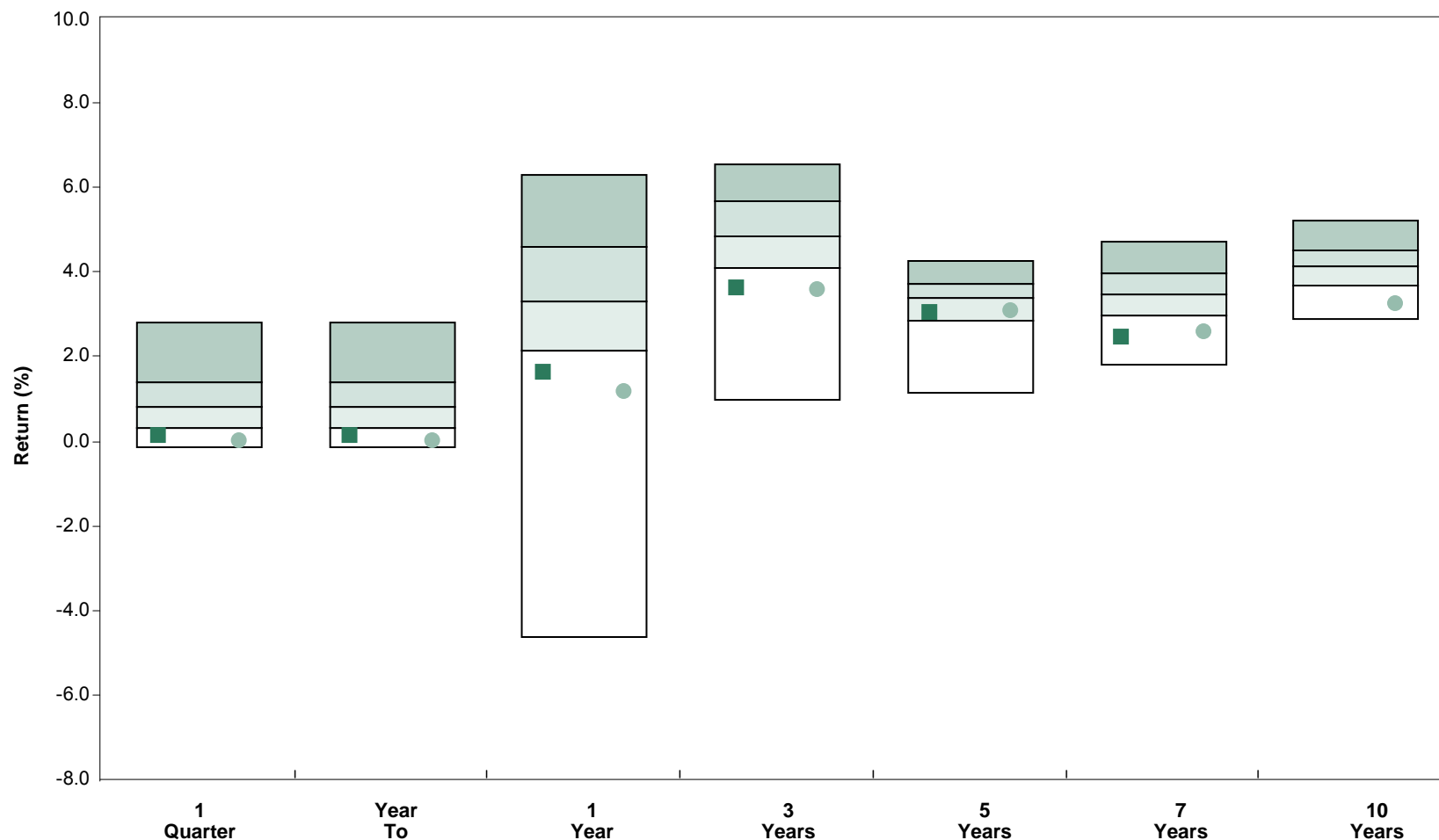
The **Principal Mid Cap Stock Fund** lagged the S&P Mid Cap 400 Index (-11.2% vs. -8.7%) for the first quarter of 2009. Stock selection in the industrial sector detracted the most. In particular, Lincoln Electric (a manufacturer of welding products) and American Airlines were negative contributors as demand trends in their end markets continued to deteriorate. The second largest drag on performance was stock selection in the consumer discretionary sector. Weight Watchers (a weight loss company) and toy manufacturer Mattel underperformed as investors worried about discretionary spending levels of the U.S. consumer. Finally, stock selection within the energy sector hurt returns. Cimarex Energy was particularly weak as its 2009 management guidance disappointed investors.

The **Principal International Diversified Stock Fund** underperformed the MSCI EAFE (-14.1% vs. -13.9%) and (-48.2% vs. -46.5%) for the recent quarter and 1-year periods ended March 31, 2009, respectively. During the recent quarter, the stock selection, specifically within the financial sector, was the largest detractor from performance. Stock-picking in banks was weak as stocks like Societe Generale, Barclays and Commonwealth Bank of Australia, which were not owned, performed well. Finally, the portfolio suffered from an 8% underweight allocation to emerging markets relative to the benchmark index, as emerging markets outperformed during the period.

Principal Money Market Account

City of Rockville
March 31, 2009

Peer Group Analysis - US Cash/Short Duration Fixed Income (SA+CF+MF)



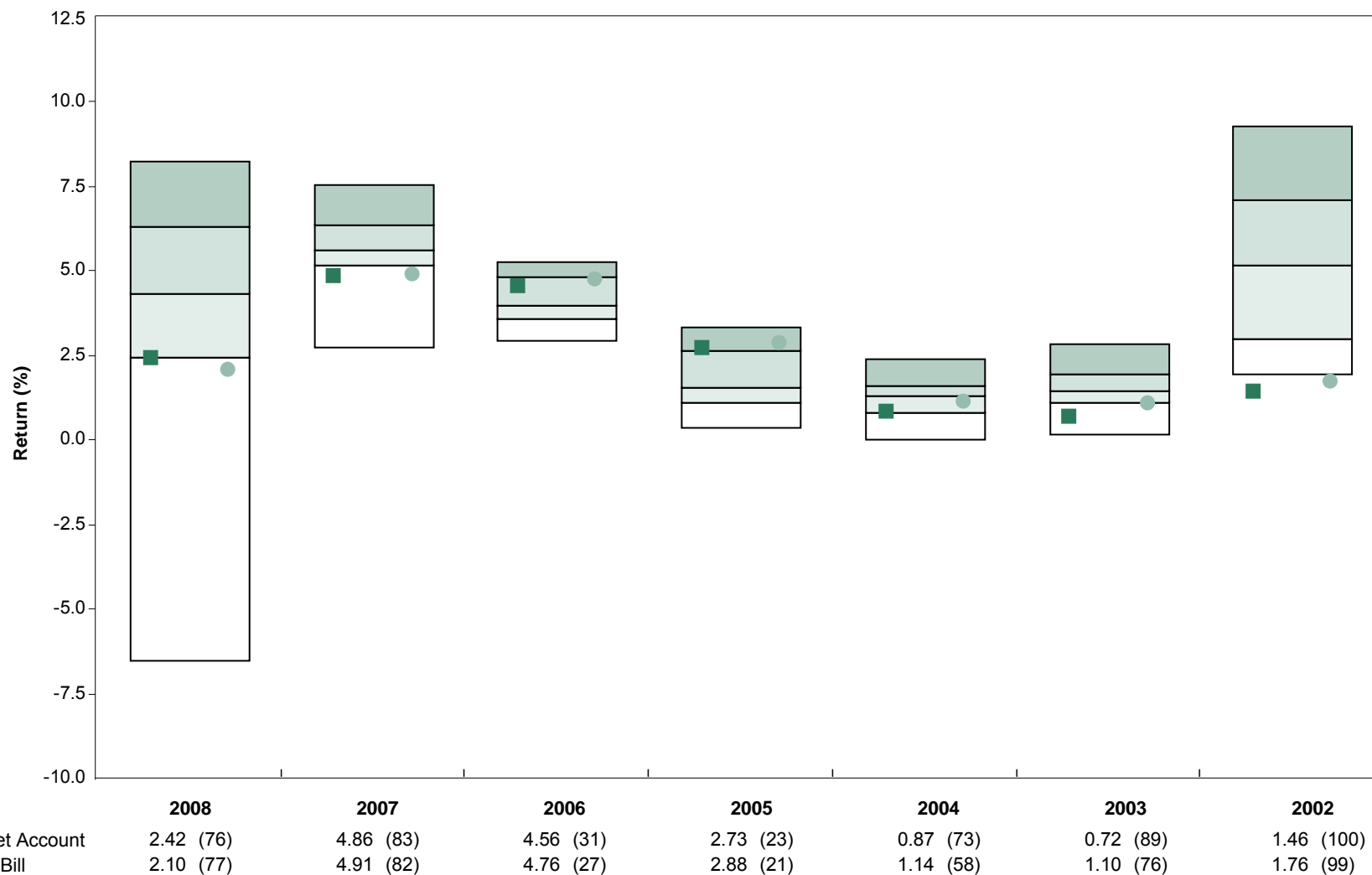
■ Principal Money Market Account
● 90 Day U.S. Treasury Bill

5th Percentile	2.83	2.83	6.32	6.57	4.26	4.74	5.22
1st Quartile	1.40	1.40	4.58	5.69	3.74	3.98	4.52
Median	0.83	0.83	3.30	4.85	3.41	3.47	4.12
3rd Quartile	0.32	0.32	2.15	4.09	2.84	2.97	3.67
95th Percentile	-0.15	-0.15	-4.64	0.98	1.16	1.79	2.90

Principal Money Market Account

City of Rockville
March 31, 2009

Peer Group Analysis - US Cash/Short Duration Fixed Income (SA+CF+MF)



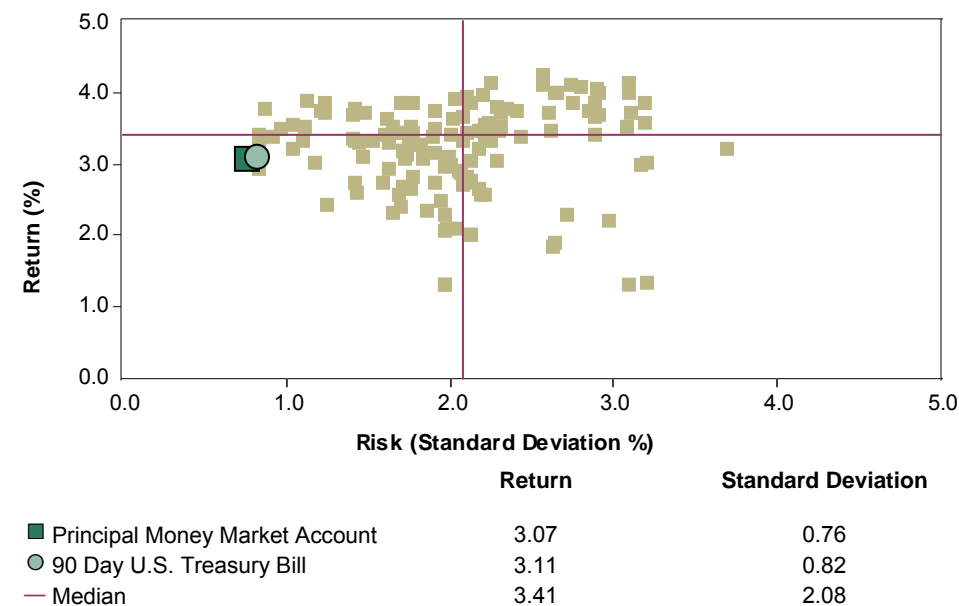
5th Percentile
1st Quartile
Median
3rd Quartile
95th Percentile

2008	2007	2006	2005	2004	2003	2002
8.22	7.52	5.29	3.32	2.41	2.85	9.28
6.30	6.33	4.80	2.63	1.60	1.94	7.12
4.34	5.61	3.96	1.57	1.29	1.44	5.15
2.46	5.16	3.58	1.12	0.80	1.11	2.99
-6.51	2.76	2.95	0.38	0.00	0.16	1.97

Historical Statistics (04/01/04 - 03/31/09) *

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Money Market Account	3.07	0.76	-0.14	0.33	0.88	0.91	0.24	-0.14	0.24	01/01/2001
90 Day U.S. Treasury Bill	3.11	0.82	N/A	0.00	1.00	1.00	0.00	N/A	0.00	01/01/2001
90 Day U.S. Treasury Bill	3.11	0.82	N/A	0.00	1.00	1.00	0.00	N/A	0.00	01/01/2001

Peer Group Scattergram (04/01/04 to 03/31/09)



* Quarterly periodicity used.

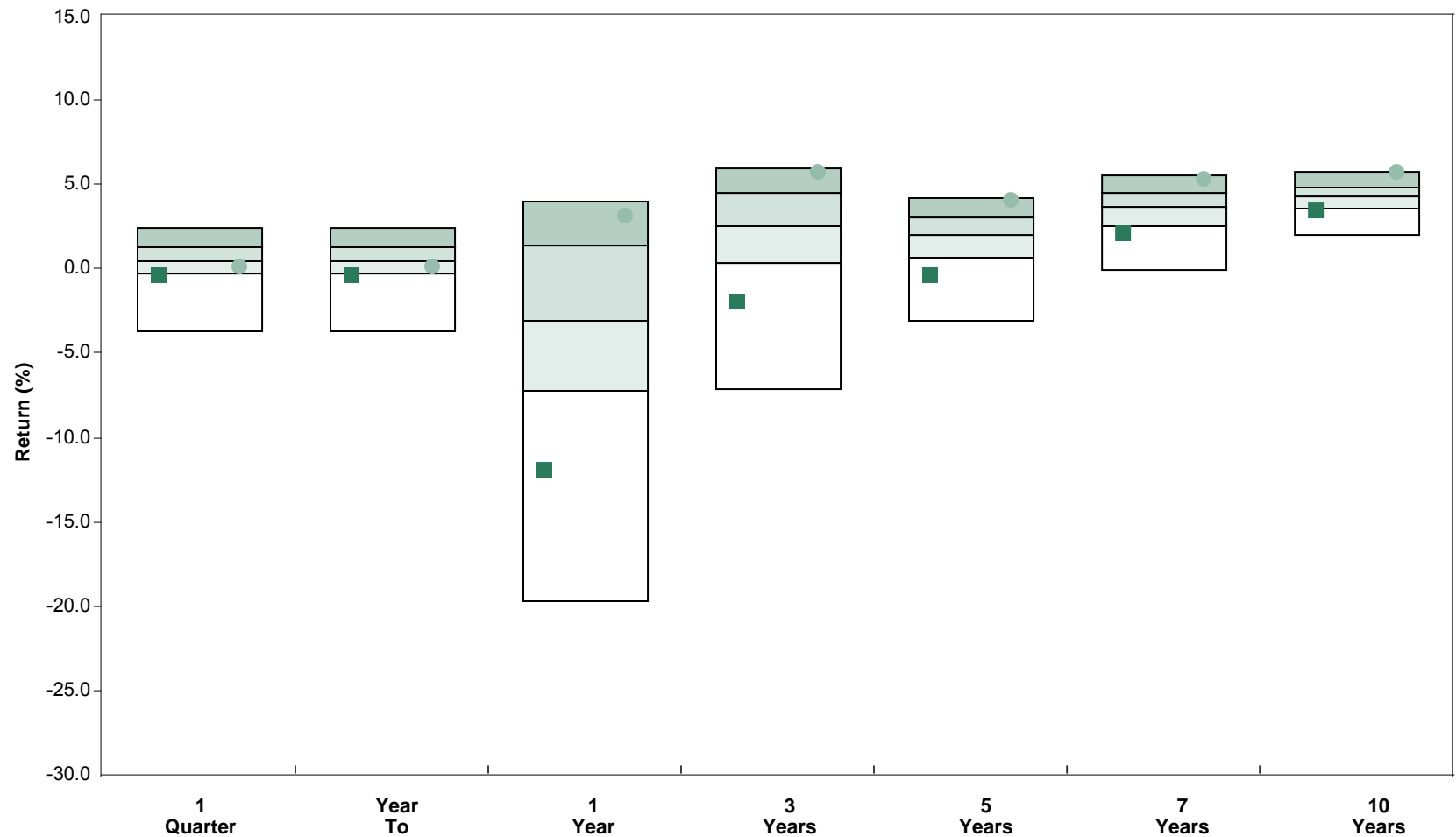
Up Down Market Capture

Not enough data.

Principal Bond & Mortgage Acct

City of Rockville
March 31, 2009

Peer Group Analysis - US Broad Market Core Funds (MF)



■ Principal Bond & Mortgage Acct
● Barclays Capital Aggregate

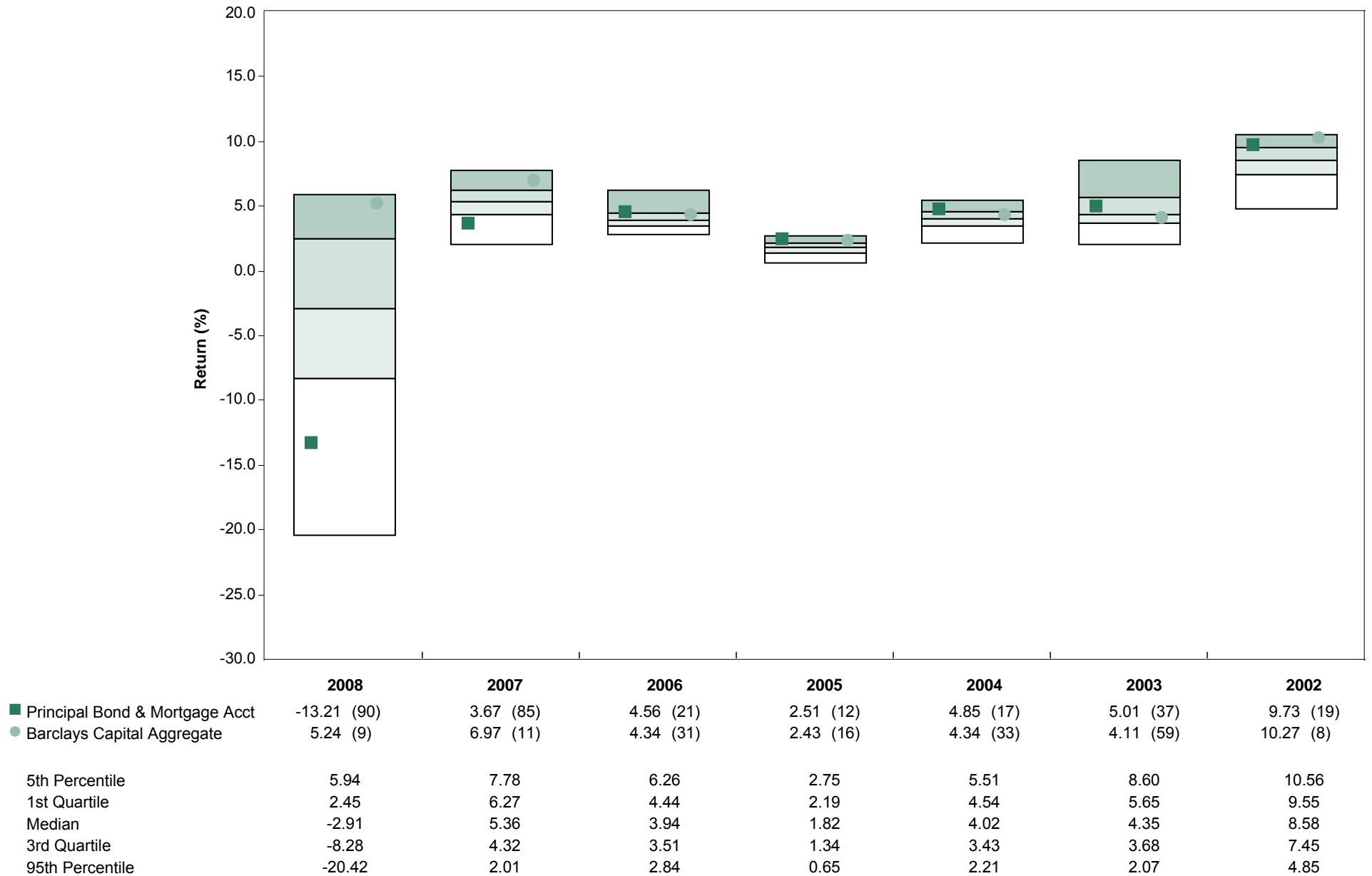
5th Percentile
1st Quartile
Median
3rd Quartile
95th Percentile

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
Principal Bond & Mortgage Acct	-0.36 (76)	-0.36 (76)	-11.93 (89)	-1.97 (88)	-0.40 (86)	2.16 (81)	3.50 (76)
Barclays Capital Aggregate	0.12 (59)	0.12 (59)	3.13 (13)	5.78 (8)	4.13 (7)	5.36 (8)	5.70 (6)
5th Percentile	2.41	2.41	3.97	5.93	4.18	5.49	5.73
1st Quartile	1.27	1.27	1.43	4.49	3.10	4.50	4.78
Median	0.43	0.43	-3.13	2.54	2.04	3.70	4.24
3rd Quartile	-0.33	-0.33	-7.24	0.31	0.69	2.54	3.56
95th Percentile	-3.68	-3.68	-19.74	-7.09	-3.08	-0.07	2.06

Principal Bond & Mortgage Acct

City of Rockville
March 31, 2009

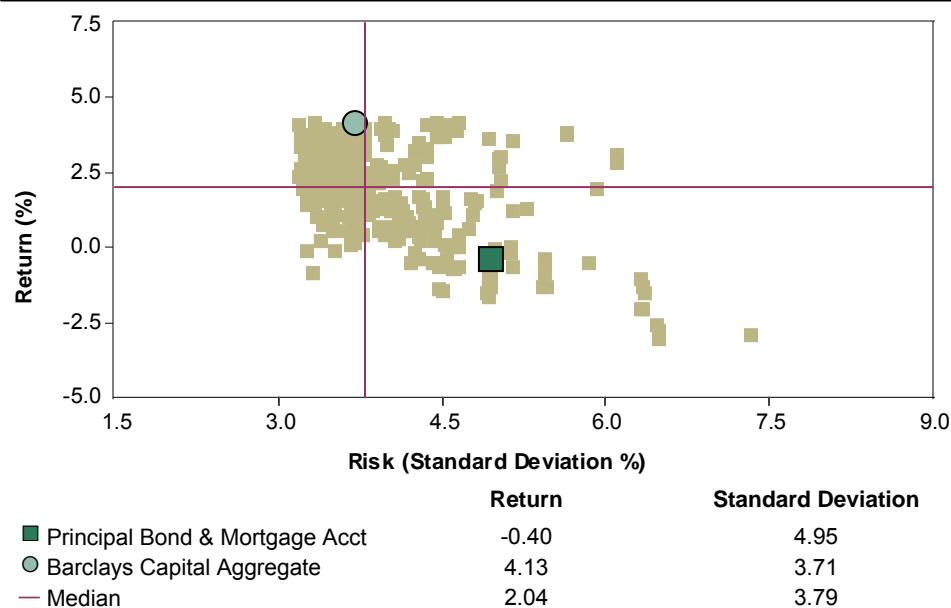
Peer Group Analysis - US Broad Market Core Funds (MF)



Historical Statistics (04/01/04 - 03/31/09) *

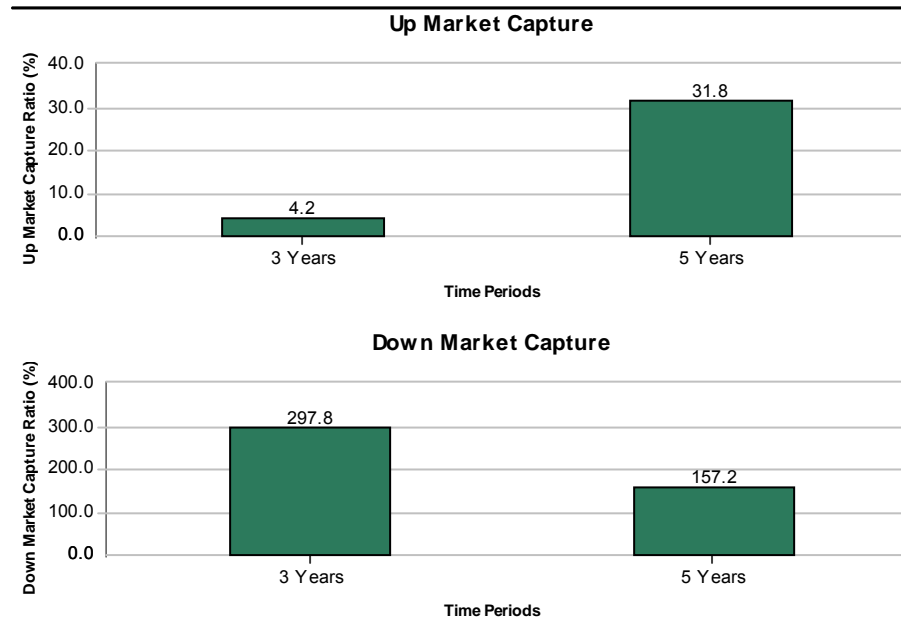
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Bond & Mortgage Acct	-0.40	4.95	-0.71	-1.67	0.34	0.06	5.37	-0.82	4.69	01/01/1995
Barclays Capital Aggregate	4.13	3.71	0.29	0.00	1.00	1.00	0.00	N/A	3.64	01/01/1995
90 Day U.S. Treasury Bill	3.11	0.82	N/A	2.90	0.04	0.04	3.64	-0.29	0.00	01/01/1995

Peer Group Scattergram (04/01/04 to 03/31/09)



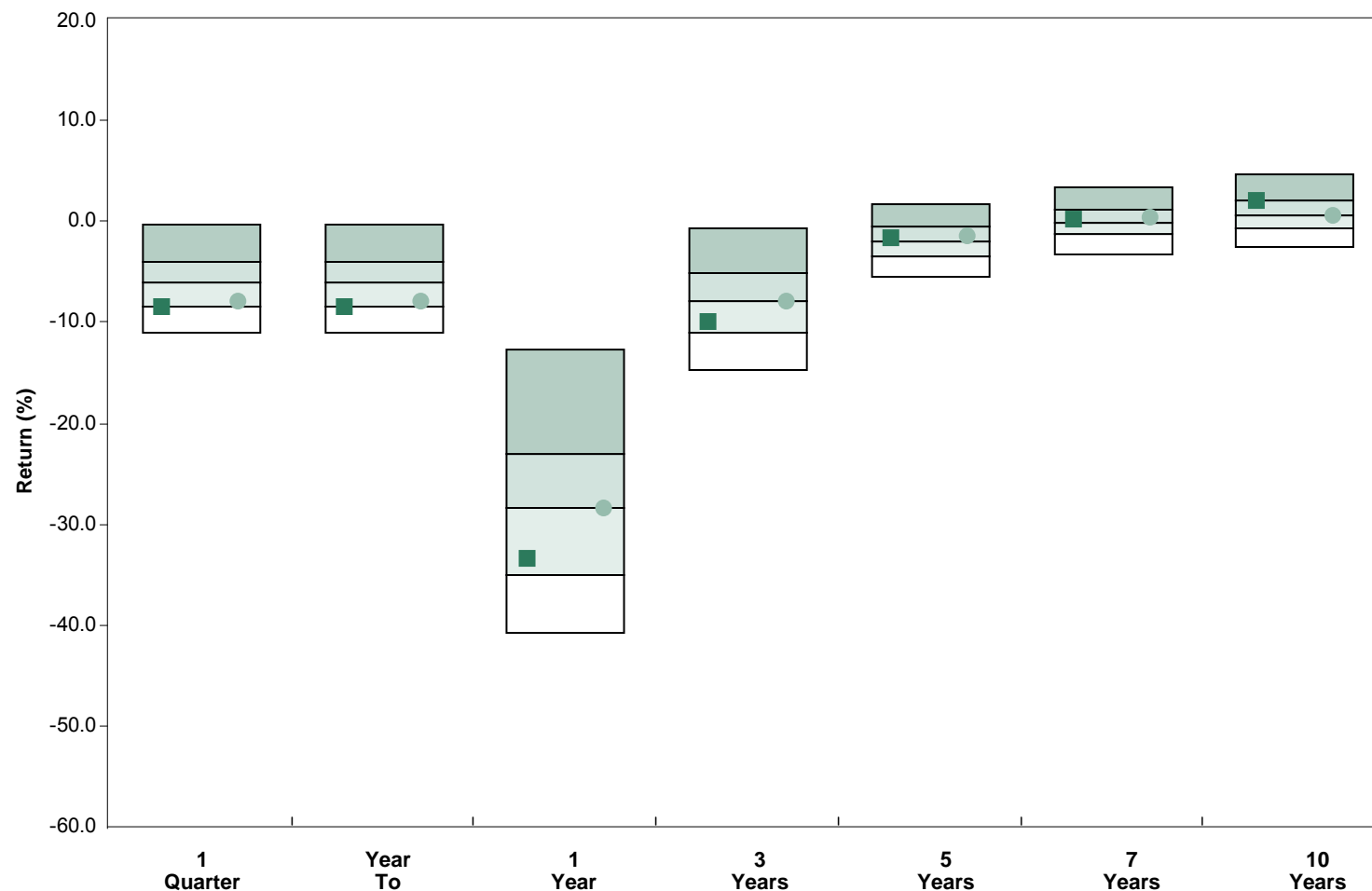
* Quarterly periodicity used.

Up Down Market Capture



Principal Stock Emph Bal Acct

Peer Group Analysis - All Balanced Funds (MF)



■ Principal Stock Emph Bal Acct

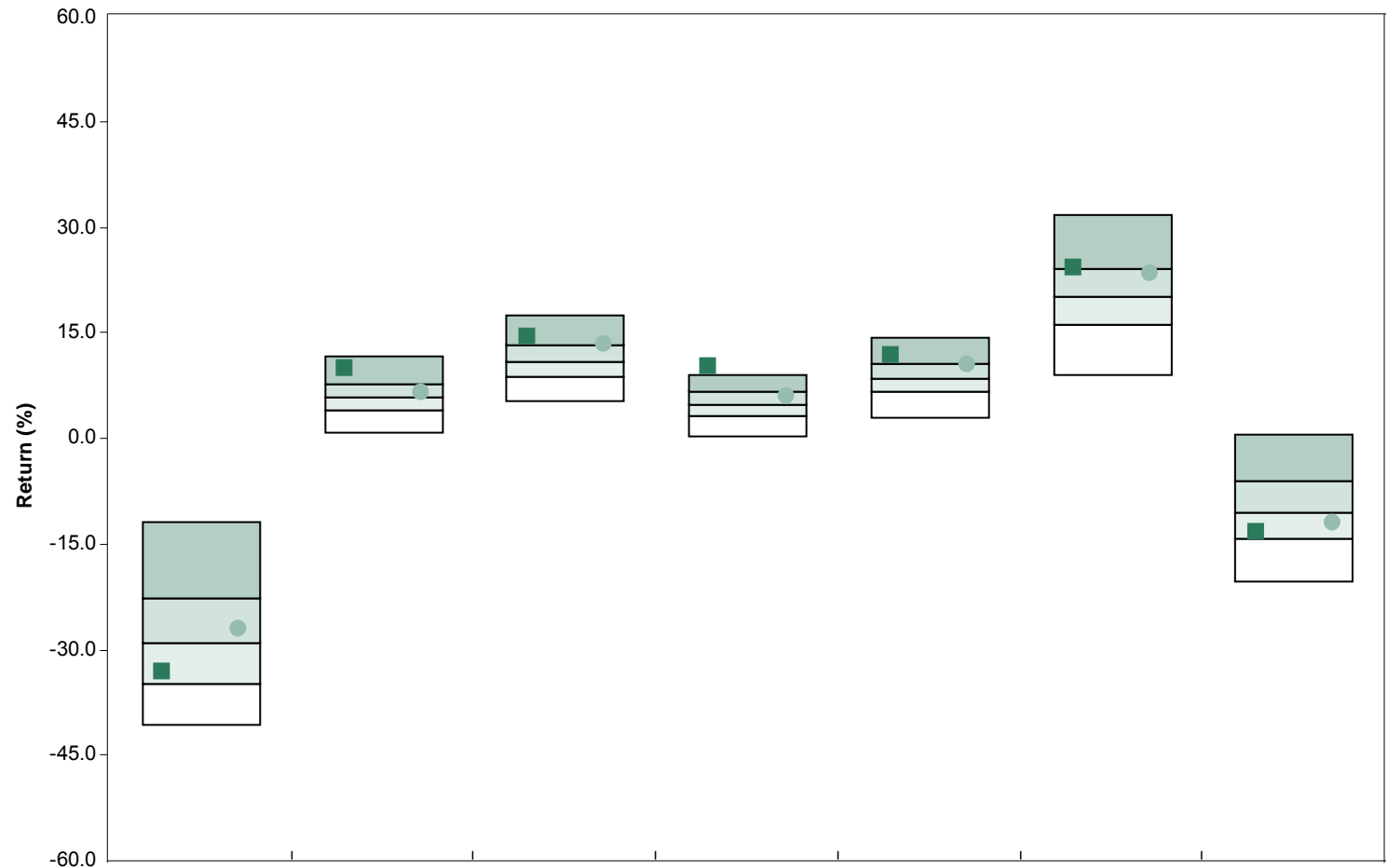
● 58% R3000 / 30% LBAG / 12% MSCI Net EAFE

5th Percentile
1st Quartile
Median
3rd Quartile
95th Percentile

Principal Stock Emph Bal Acct

City of Rockville
March 31, 2009

Peer Group Analysis - All Balanced Funds (MF)



■ Principal Stock Emph Bal Acct

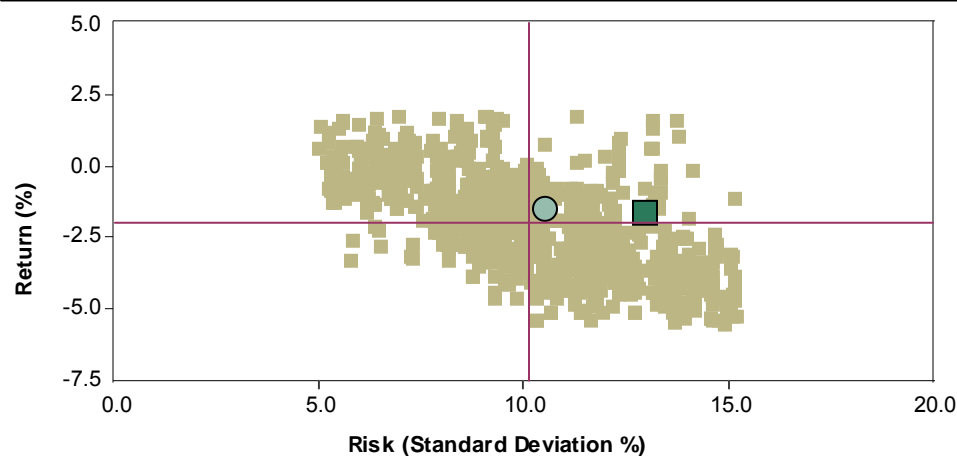
● 58% R3000 / 30% LBAGG / 12% MSCI Net EAFE

5th Percentile	-11.81	11.55	17.53	9.05	14.16	31.71	0.62
1st Quartile	-22.84	7.77	13.23	6.52	10.69	24.18	-6.20
Median	-28.96	5.94	10.90	4.64	8.54	20.22	-10.49
3rd Quartile	-34.90	4.10	8.65	3.13	6.51	16.19	-14.39
95th Percentile	-40.77	0.81	5.34	0.37	3.00	9.03	-20.32

Historical Statistics (04/01/04 - 03/31/09) *

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Stock Emph Bal Acct	-1.61	12.98	-0.30	0.39	1.22	0.98	3.06	0.06	12.62	10/01/1998
58% R3000 / 30% LBAgg / 12% MSCI Net EAFE	-1.47	10.49	-0.39	0.00	1.00	1.00	0.00	N/A	10.11	10/01/1998
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.11	0.04	0.24	10.11	0.39	0.00	10/01/1998

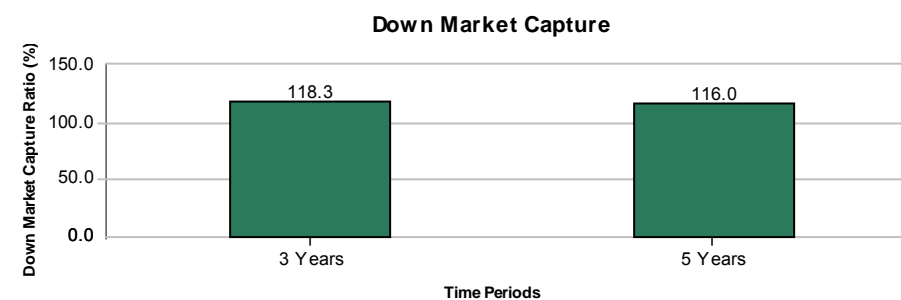
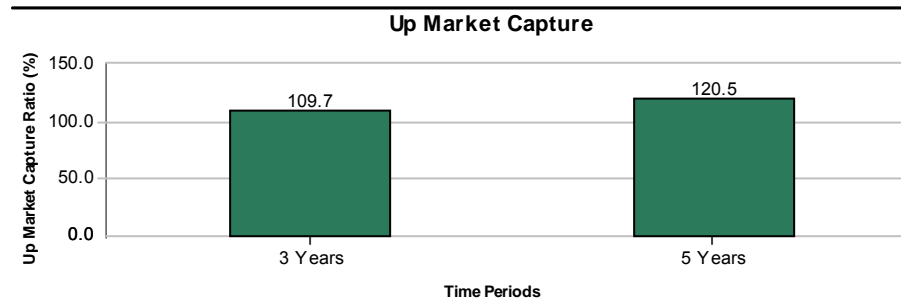
Peer Group Scattergram (04/01/04 to 03/31/09)



	Return	Standard Deviation
Principal Stock Emph Bal Acct	-1.61	12.98
58% R3000 / 30% LBAgg / 12% MSCI Net EAFE	-1.47	10.49
Median	-1.96	10.13

* Quarterly periodicity used.

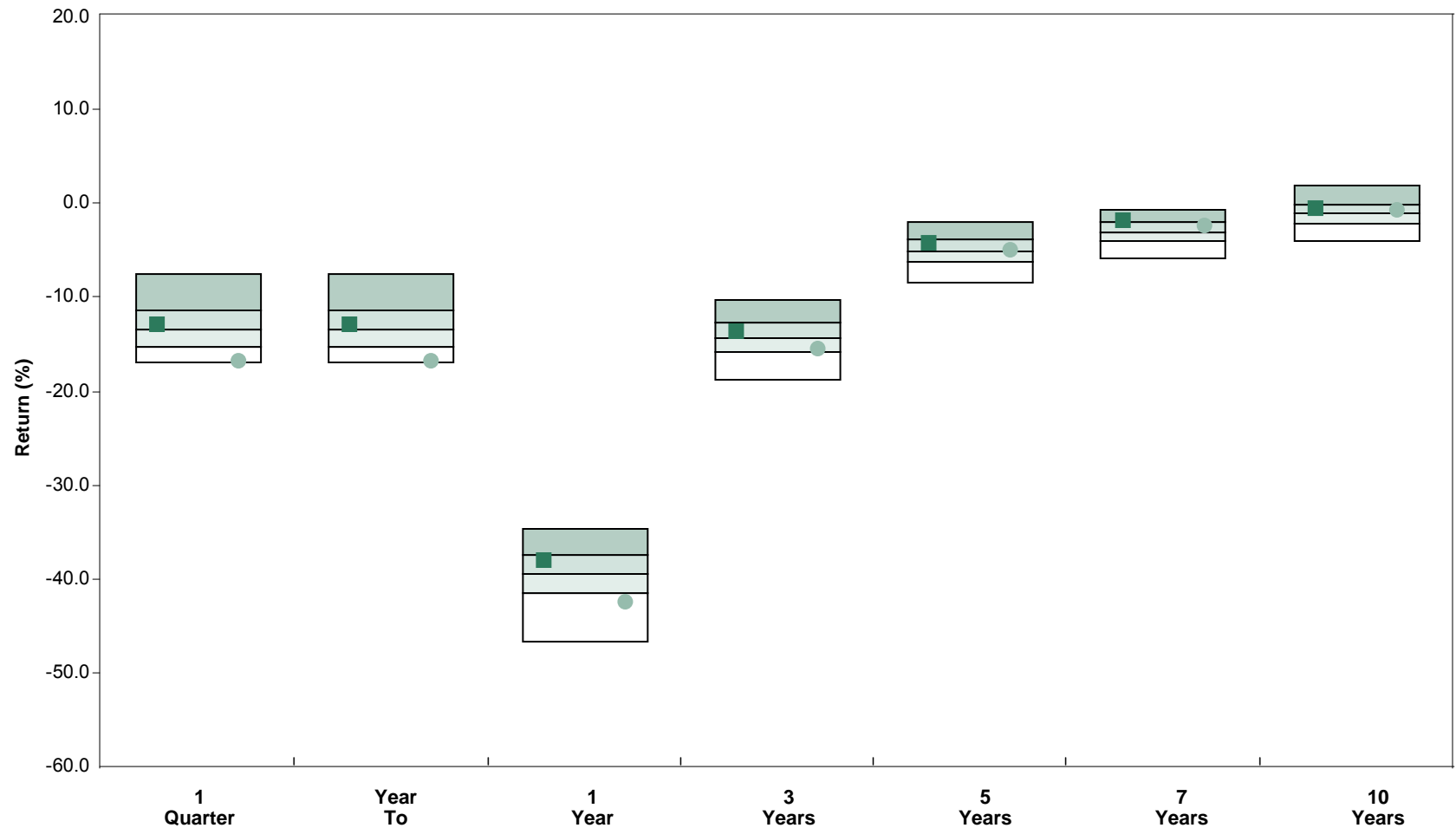
Up Down Market Capture



Vanguard Windsor II Fund Inv

City of Rockville
March 31, 2009

Peer Group Analysis - US Equity Large-Cap Value Funds (MF)



■ Vanguard Windsor II Fund Inv
● Russell 1000 Value Index

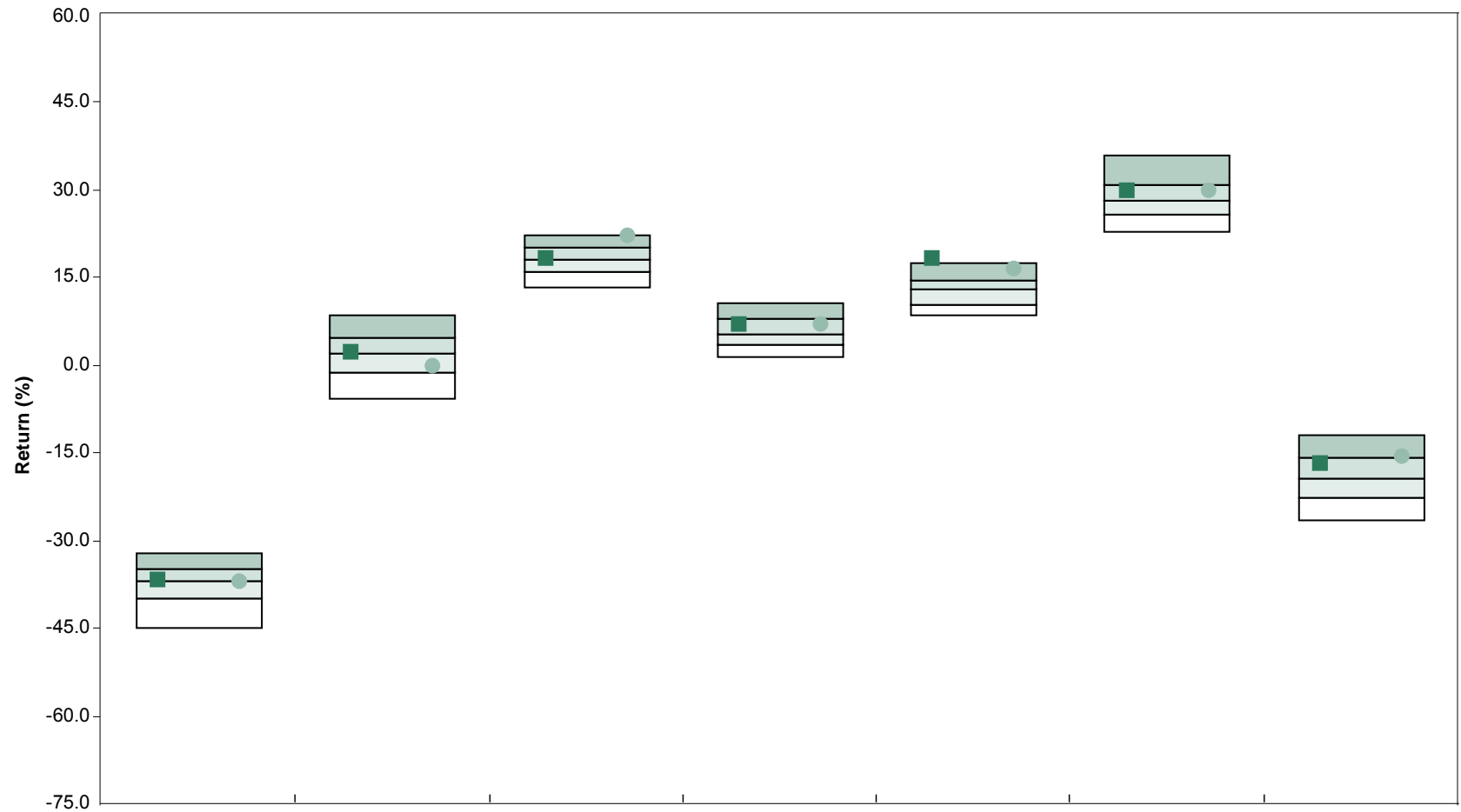
5th Percentile
1st Quartile
Median
3rd Quartile
95th Percentile

	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
Vanguard Windsor II Fund Inv	-12.93 (43)	-12.93 (43)	-37.93 (28)	-13.68 (41)	-4.24 (33)	-1.86 (23)	-0.51 (33)
Russell 1000 Value Index	-16.77 (95)	-16.77 (95)	-42.42 (84)	-15.40 (69)	-4.94 (46)	-2.39 (34)	-0.62 (39)
5th Percentile	-7.60	-7.60	-34.73	-10.27	-1.95	-0.76	1.96
1st Quartile	-11.42	-11.42	-37.52	-12.74	-3.92	-1.96	-0.05
Median	-13.37	-13.37	-39.52	-14.29	-5.07	-3.09	-1.03
3rd Quartile	-15.33	-15.33	-41.55	-15.82	-6.15	-3.95	-2.24
95th Percentile	-16.97	-16.97	-46.73	-18.83	-8.37	-5.81	-3.94

Vanguard Windsor II Fund Inv

City of Rockville
March 31, 2009

Peer Group Analysis - US Equity Large-Cap Value Funds (MF)



■ Vanguard Windsor II Fund Inv
● Russell 1000 Value Index

	2008	2007	2006	2005	2004	2003	2002
5th Percentile	-32.18	8.69	22.27	10.65	17.52	35.78	-11.88
1st Quartile	-34.79	4.57	20.24	7.96	14.50	30.88	-15.68
Median	-36.84	1.94	18.10	5.16	12.93	28.05	-19.52
3rd Quartile	-39.78	-1.30	16.03	3.56	10.38	25.73	-22.76
95th Percentile	-44.87	-5.68	13.23	1.43	8.44	22.86	-26.59

Vanguard Windsor II Fund Inv

Fund Information

Fund Name Vanguard/Windsor Funds, Inc: Vanguard Windsor II Fund;
Investor Shares
Fund Family Vanguard Group Inc
Ticker VWNFX
Inception Date 06/24/1985

Portfolio Assets \$27,328.5 Million
Portfolio Manager Team Managed
PM Tenure
Fund Style US Equity Large-Cap Value Funds (MF)
Style Benchmark Russell 1000 Value Index
Portfolio Turnover 37%

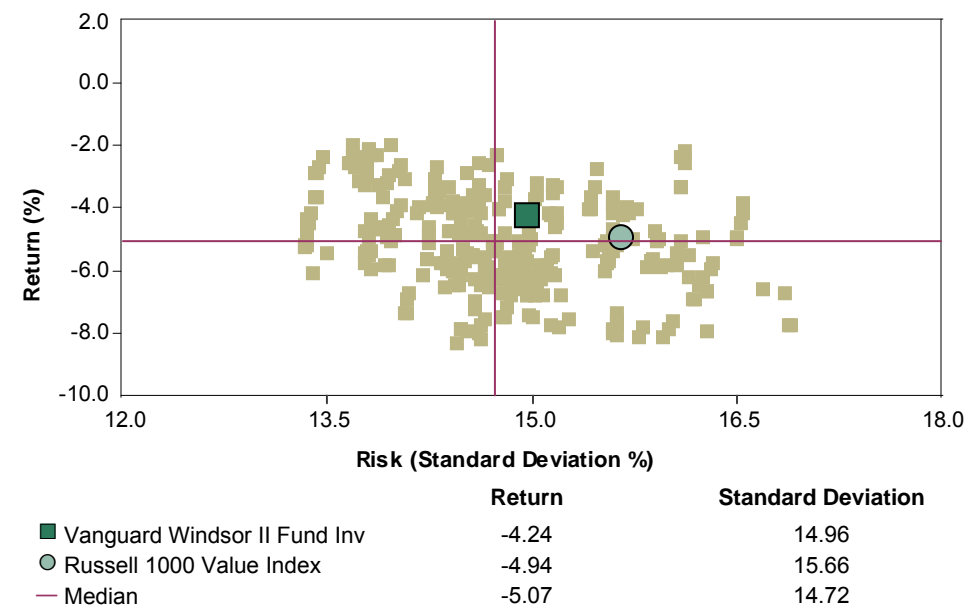
Fund Investment Policy

The Fund seeks long-term growth of capital and income by investing in common stocks.

Historical Statistics (04/01/04 - 03/31/09) *

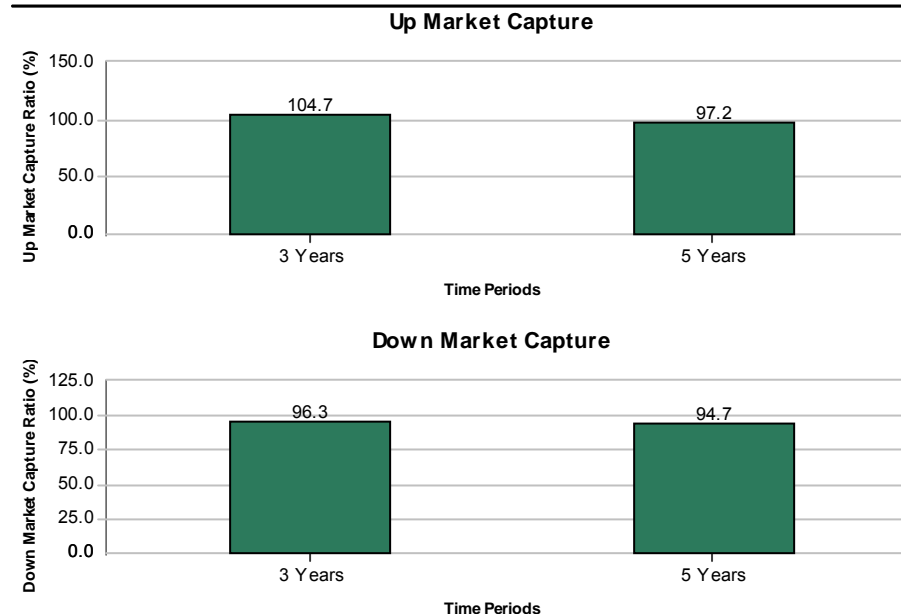
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Vanguard Windsor II Fund Inv	-4.24	14.96	-0.42	0.37	0.94	0.96	3.00	0.20	14.63	07/01/1985
Russell 1000 Value Index	-4.94	15.66	-0.44	0.00	1.00	1.00	0.00	N/A	15.27	07/01/1985
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.17	0.03	0.24	15.27	0.44	0.00	07/01/1985

Peer Group Scattergram (04/01/04 to 03/31/09)



* Quarterly periodicity used.

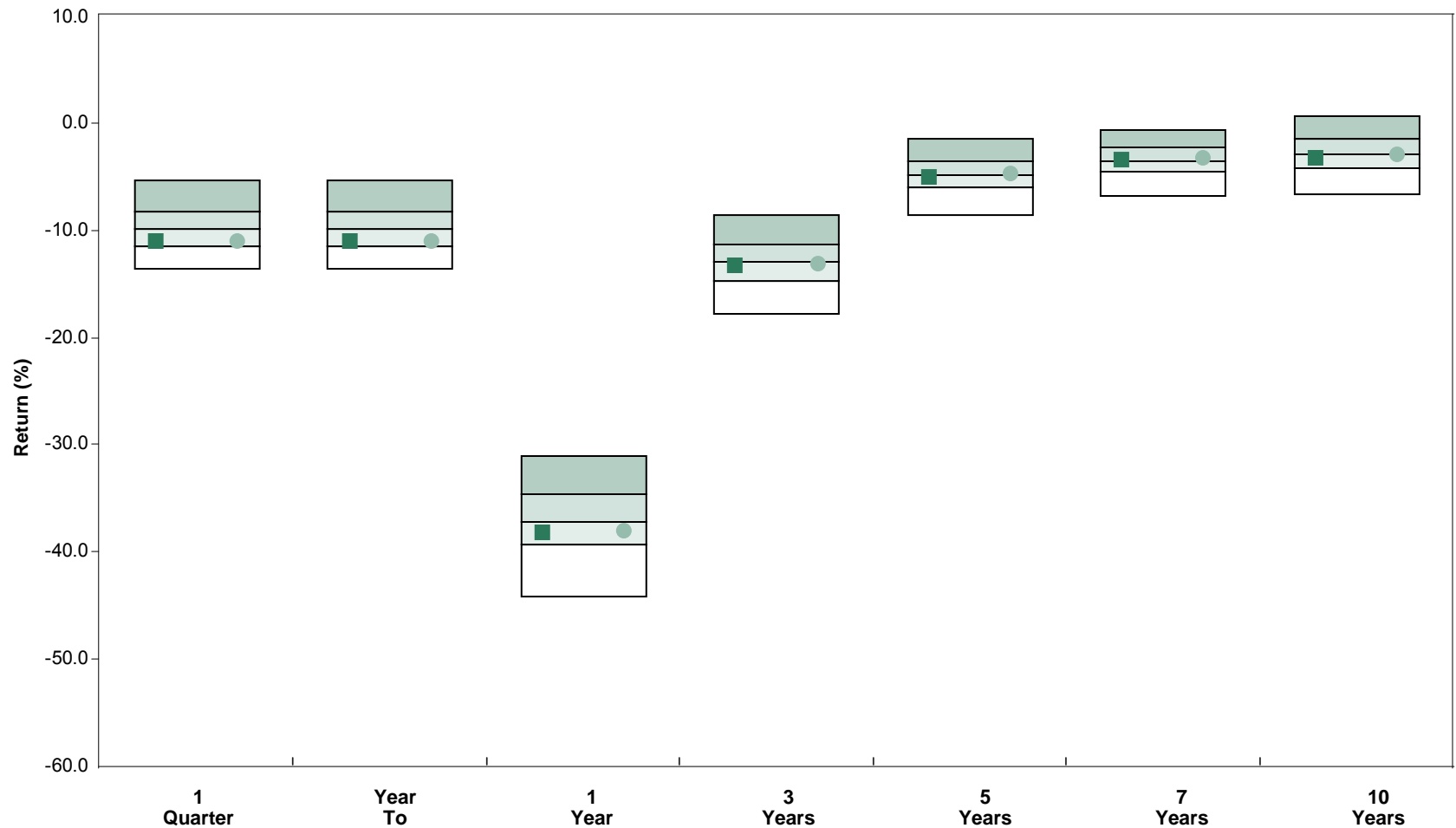
Up Down Market Capture



Principal Lrg Cap Stk Idx Acct

City of Rockville
March 31, 2009

Peer Group Analysis - US Equity Large-Cap Core Funds (MF)



■ Principal Lrg Cap Stk Idx Acct
● S&P 500

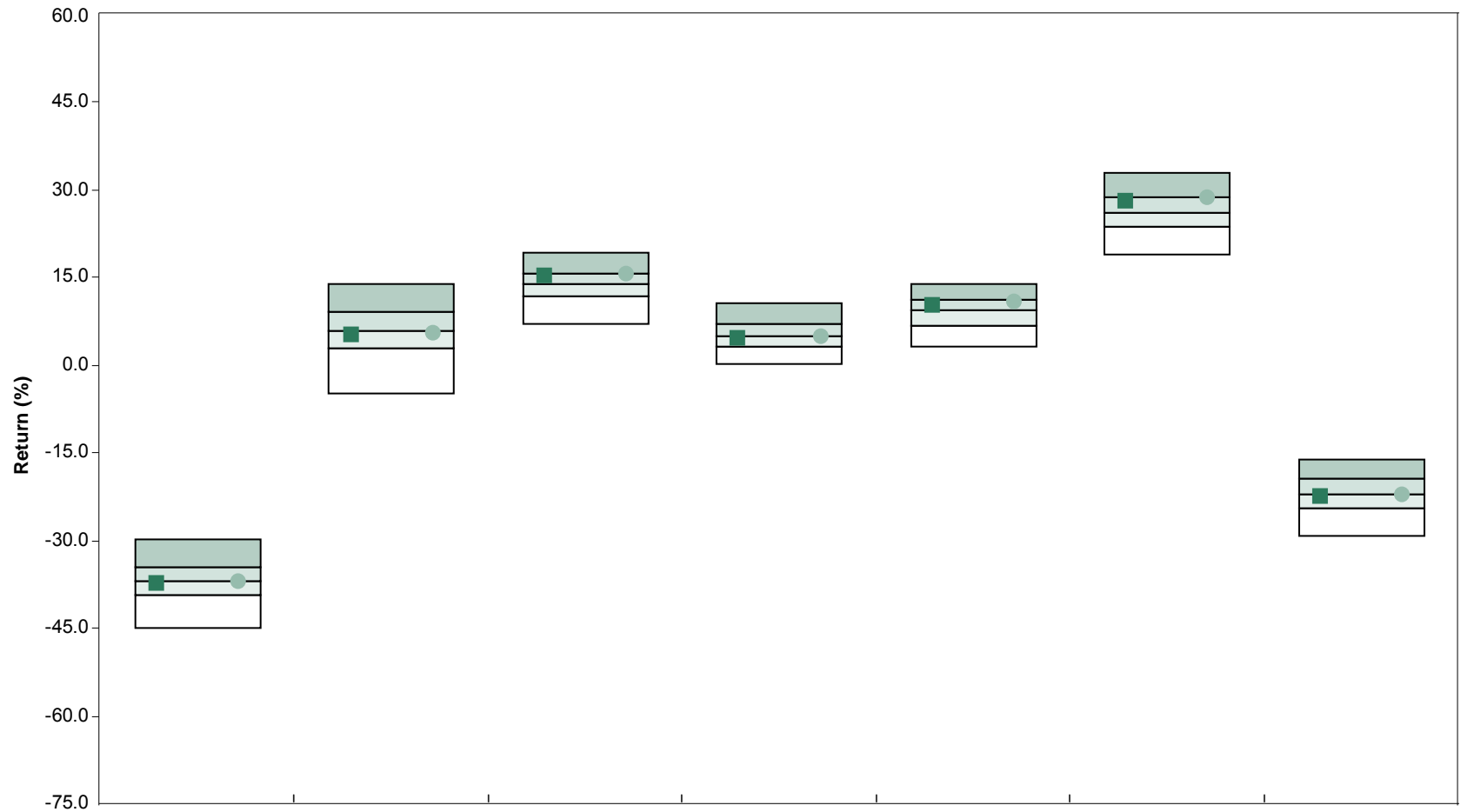
5th Percentile
1st Quartile
Median
3rd Quartile
95th Percentile

1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
-10.99 (67)	-10.99 (67)	-38.14 (63)	-13.24 (54)	-5.01 (54)	-3.48 (50)	-3.23 (57)
-11.01 (68)	-11.01 (68)	-38.09 (63)	-13.06 (51)	-4.76 (49)	-3.20 (44)	-3.00 (52)
-5.40	-5.40	-31.04	-8.61	-1.40	-0.65	0.62
-8.31	-8.31	-34.59	-11.29	-3.58	-2.34	-1.46
-9.92	-9.92	-37.24	-13.01	-4.81	-3.51	-2.88
-11.44	-11.44	-39.38	-14.78	-6.08	-4.62	-4.16
-13.64	-13.64	-44.08	-17.82	-8.58	-6.79	-6.64

Principal Lrg Cap Stk Idx Acct

City of Rockville
March 31, 2009

Peer Group Analysis - US Equity Large-Cap Core Funds (MF)



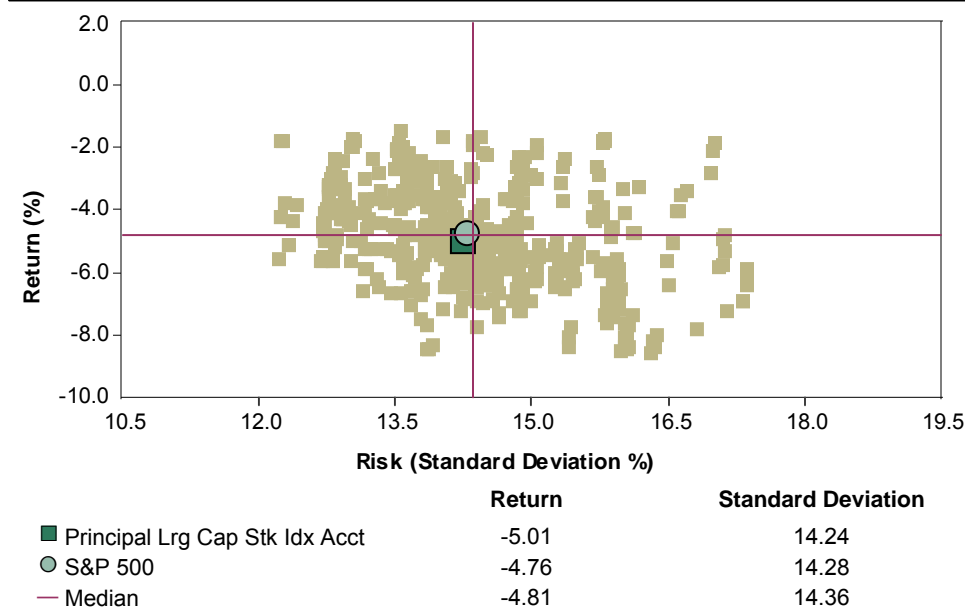
■ Principal Lrg Cap Stk Idx Acct
● S&P 500

	2008	2007	2006	2005	2004	2003	2002
Principal Lrg Cap Stk Idx Acct	-37.10 (52)	5.18 (58)	15.47 (31)	4.59 (56)	10.49 (35)	28.14 (30)	-22.39 (53)
S&P 500	-37.00 (51)	5.49 (54)	15.79 (26)	4.91 (52)	10.88 (30)	28.68 (26)	-22.10 (50)
5th Percentile	-29.84	13.82	19.16	10.72	13.86	33.03	-15.98
1st Quartile	-34.49	9.18	15.80	6.98	11.32	28.69	-19.45
Median	-37.00	5.82	13.92	4.98	9.34	26.05	-22.11
3rd Quartile	-39.46	2.97	11.78	3.24	6.75	23.64	-24.34
95th Percentile	-45.01	-4.76	7.08	0.16	3.33	18.82	-29.21

Historical Statistics (04/01/04 - 03/31/09) *

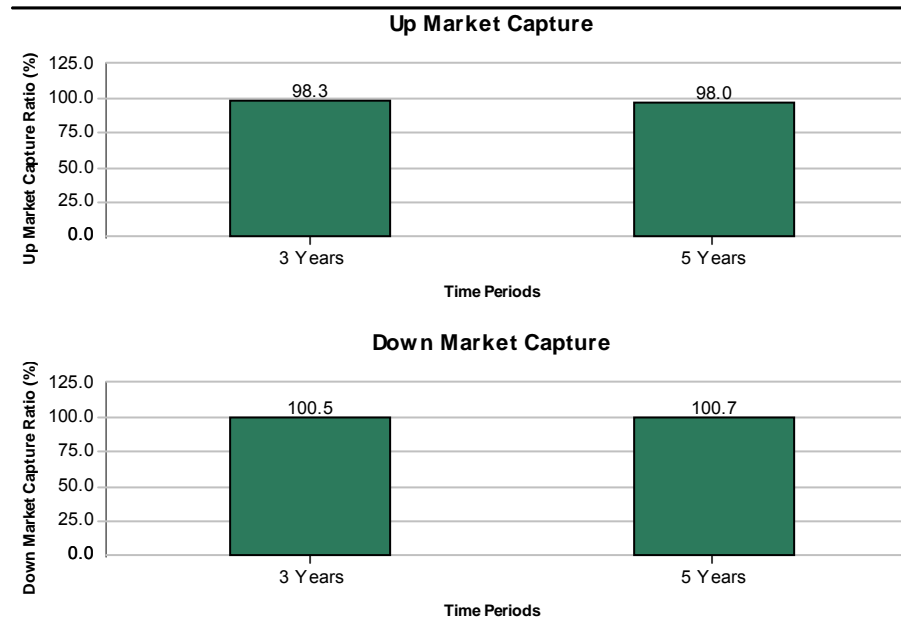
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Lrg Cap Stk Idx Acct	-5.01	14.24	-0.51	-0.27	1.00	1.00	0.06	-4.44	13.86	01/01/1995
S&P 500	-4.76	14.28	-0.49	0.00	1.00	1.00	0.00	N/A	13.90	01/01/1995
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.18	0.03	0.23	13.90	0.49	0.00	01/01/1995

Peer Group Scattergram (04/01/04 to 03/31/09)



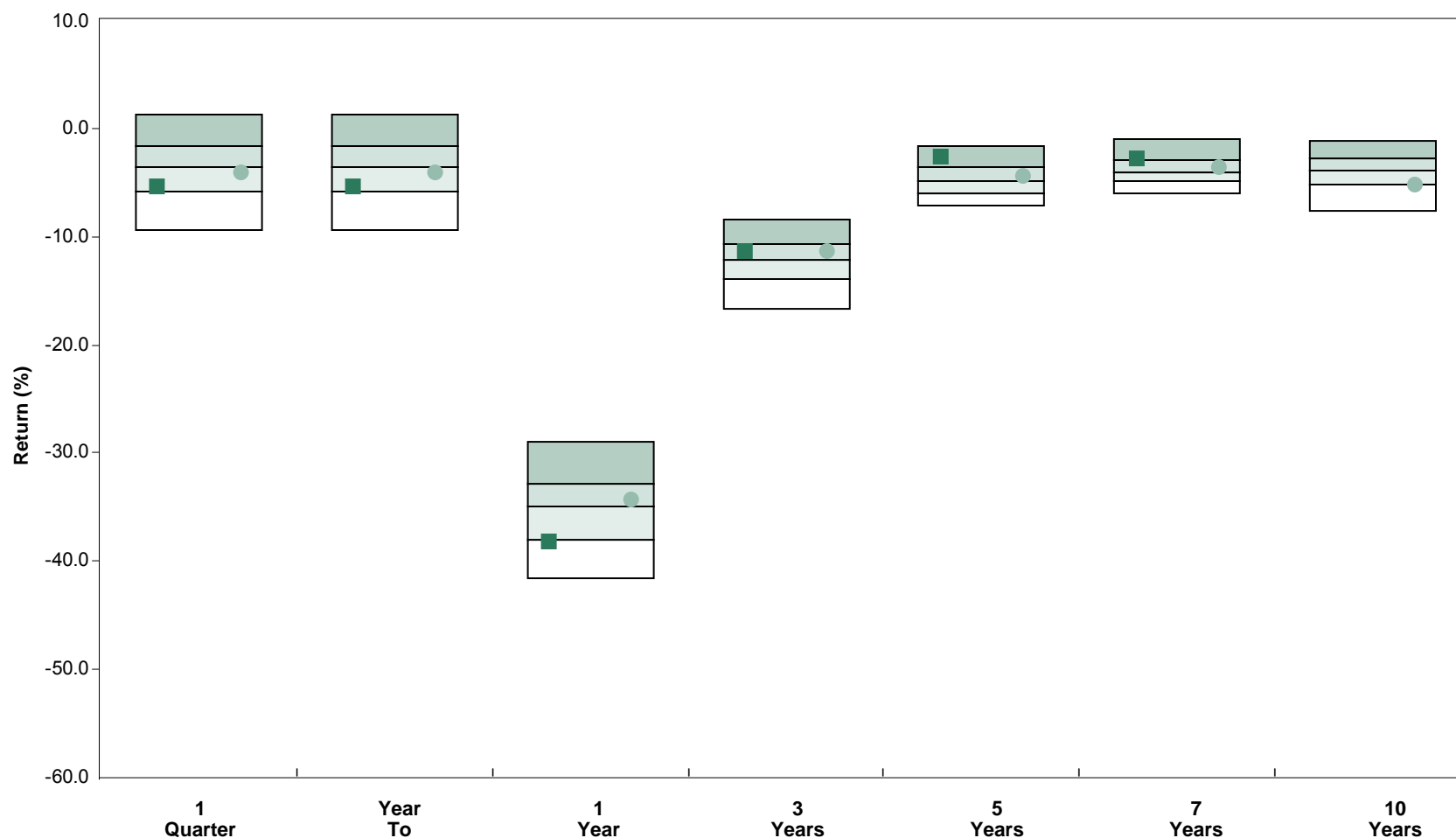
* Quarterly periodicity used.

Up Down Market Capture



Principal Lrg Comp Grth Acct

Peer Group Analysis - US Equity Large-Cap Growth Funds (MF)



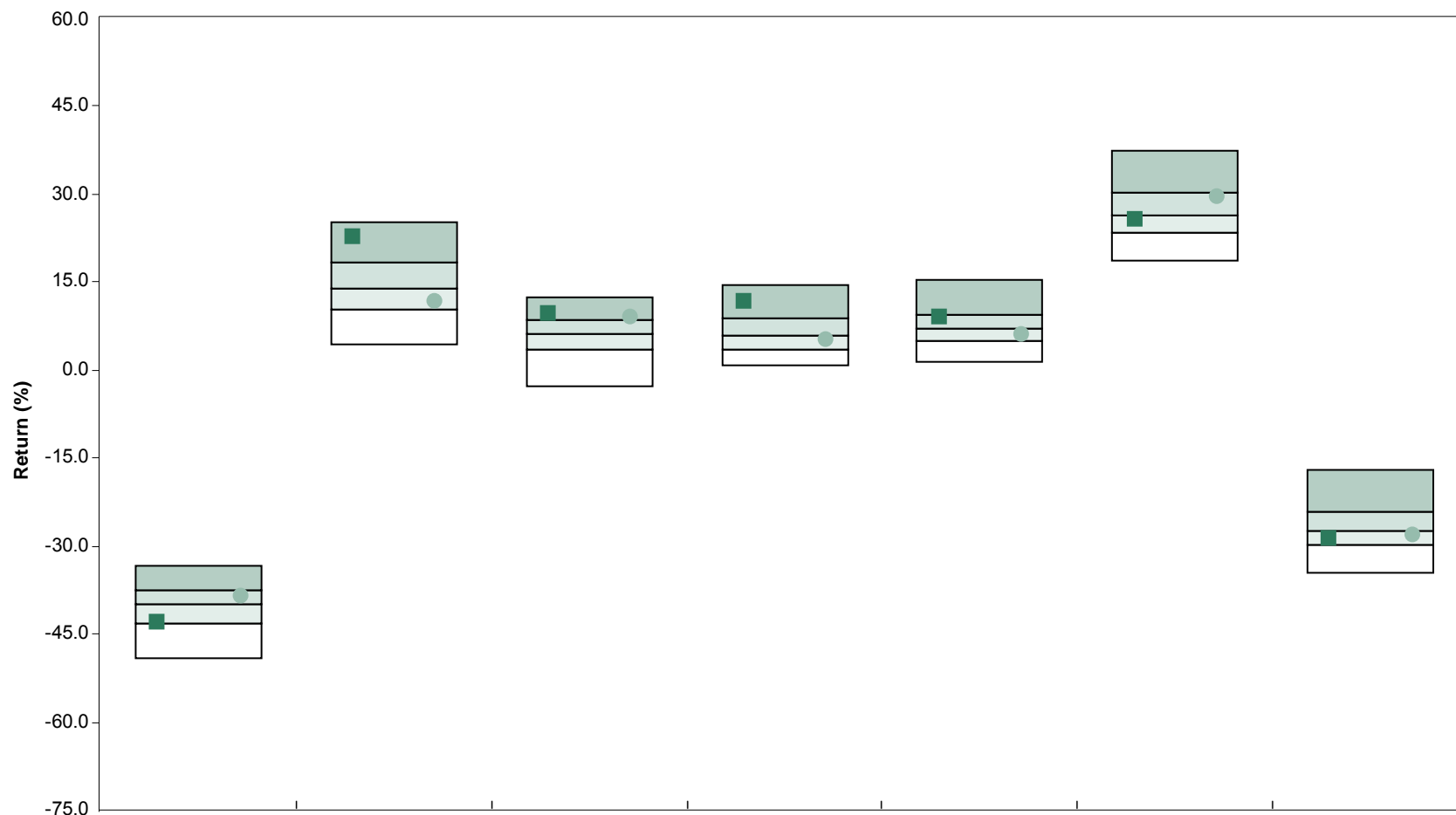
■ Principal Lrg Comp Grth Acct
● Russell 1000 Growth Index

5th Percentile
1st Quartile
Median
3rd Quartile
95th Percentile

1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
-5.37 (71)	-5.37 (71)	-38.20 (76)	-11.36 (36)	-2.60 (11)	-2.70 (21)	N/A
-4.12 (58)	-4.12 (58)	-34.28 (44)	-11.28 (35)	-4.38 (41)	-3.60 (39)	-5.26 (75)
1.31	1.31	-28.91	-8.38	-1.57	-0.94	-1.10
-1.69	-1.69	-32.81	-10.76	-3.51	-2.95	-2.79
-3.64	-3.64	-34.91	-12.13	-4.89	-4.02	-3.93
-5.76	-5.76	-38.09	-13.99	-5.95	-4.91	-5.26
-9.34	-9.34	-41.58	-16.65	-7.19	-6.08	-7.66

Principal Lrg Comp Grth Acct

Peer Group Analysis - US Equity Large-Cap Growth Funds (MF)

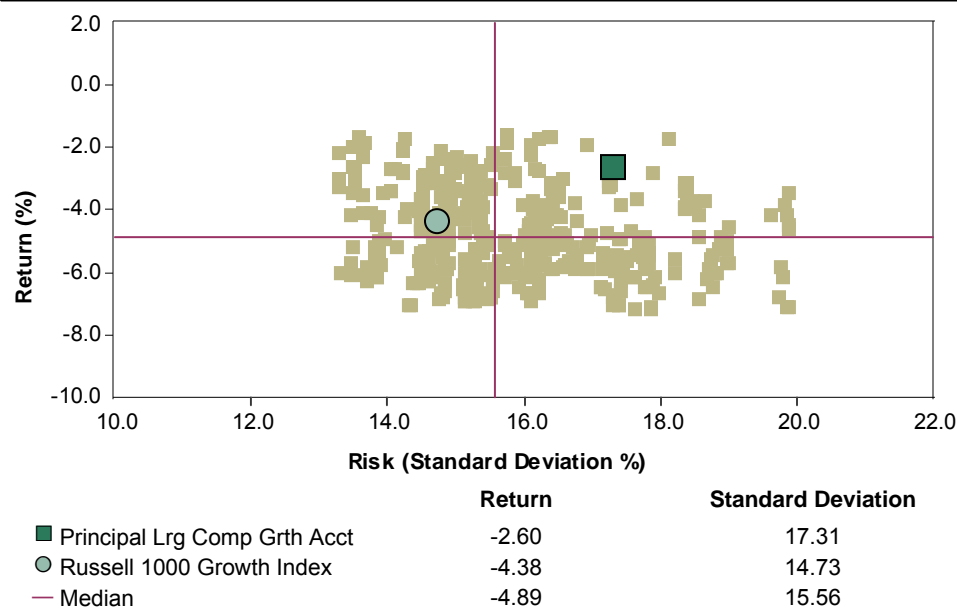


	2008	2007	2006	2005	2004	2003	2002
■ Principal Lrg Comp Grth Acct	-42.84 (73)	22.93 (8)	9.68 (14)	11.81 (12)	9.17 (29)	25.93 (56)	-28.71 (61)
● Russell 1000 Growth Index	-38.44 (36)	11.81 (67)	9.07 (21)	5.26 (57)	6.30 (60)	29.75 (29)	-27.88 (54)
5th Percentile	-33.50	25.18	12.44	14.44	15.47	37.27	-16.87
1st Quartile	-37.52	18.26	8.64	8.91	9.58	30.15	-24.02
Median	-40.05	13.88	6.17	5.80	7.08	26.47	-27.56
3rd Quartile	-43.29	10.39	3.37	3.43	4.97	23.50	-29.89
95th Percentile	-49.11	4.31	-2.76	0.80	1.56	18.57	-34.57

Historical Statistics (04/01/04 - 03/31/09) *

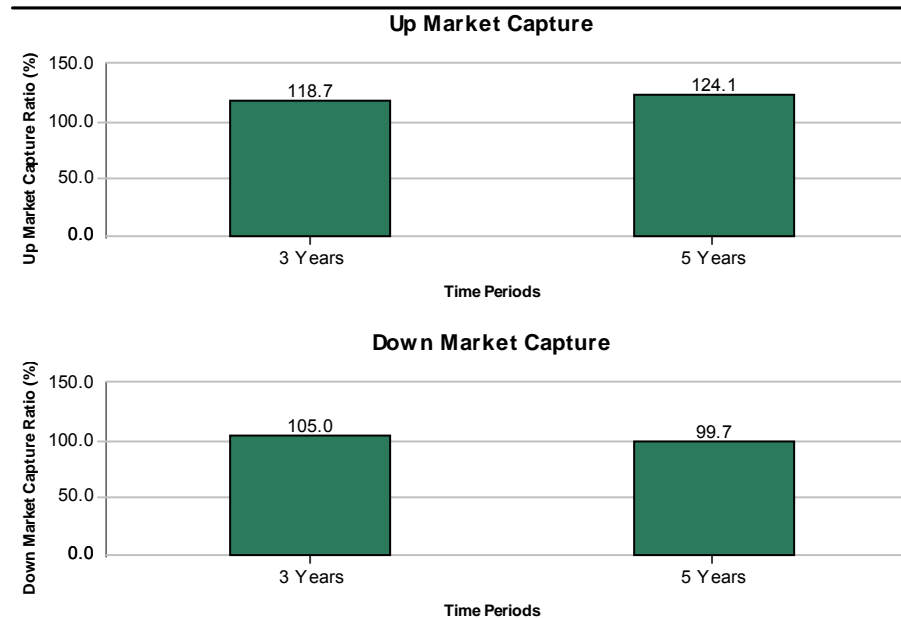
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Lrg Comp Grth Acct	-2.60	17.31	-0.24	2.78	1.15	0.95	4.35	0.53	17.00	01/01/2001
Russell 1000 Growth Index	-4.38	14.73	-0.44	0.00	1.00	1.00	0.00	N/A	14.42	01/01/2001
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.15	0.02	0.16	14.42	0.44	0.00	01/01/2001

Peer Group Scattergram (04/01/04 to 03/31/09)



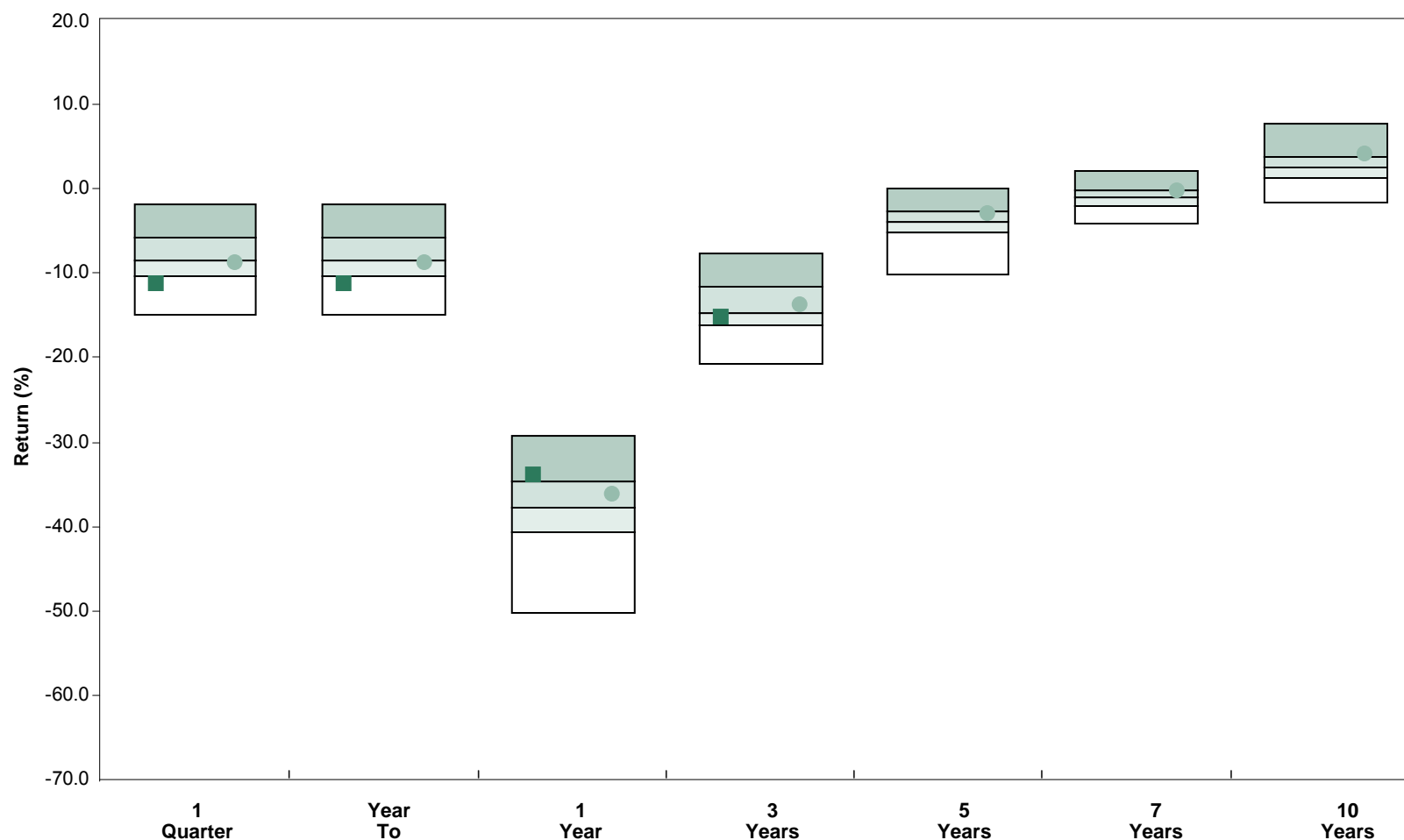
* Quarterly periodicity used.

Up Down Market Capture



Principal Mid Cap Stock Fund Edge

Peer Group Analysis - US Equity Mid-Cap Core Funds (MF)



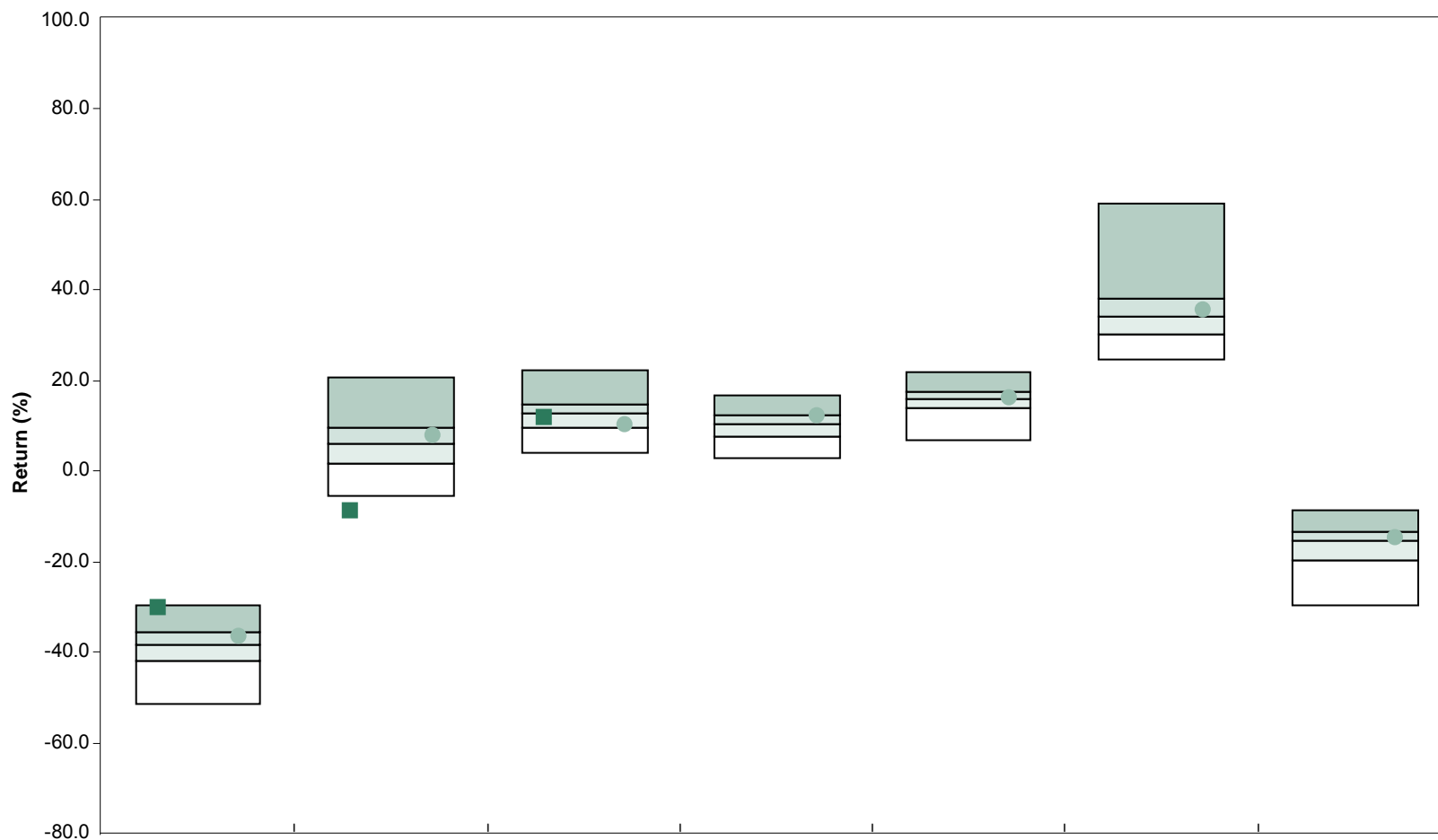
■ Principal Mid Cap Stock Fund Edge
● S&P MidCap 400

5th Percentile	-1.78	-1.78	-29.30	-7.71	0.11	2.05	7.81
1st Quartile	-5.83	-5.83	-34.63	-11.62	-2.65	-0.16	3.82
Median	-8.39	-8.39	-37.81	-14.79	-3.87	-1.03	2.62
3rd Quartile	-10.31	-10.31	-40.69	-16.22	-5.23	-2.03	1.33
95th Percentile	-14.97	-14.97	-50.21	-20.76	-10.10	-4.12	-1.67

Principal Mid Cap Stock Fund Edge

City of Rockville
March 31, 2009

Peer Group Analysis - US Equity Mid-Cap Core Funds (MF)



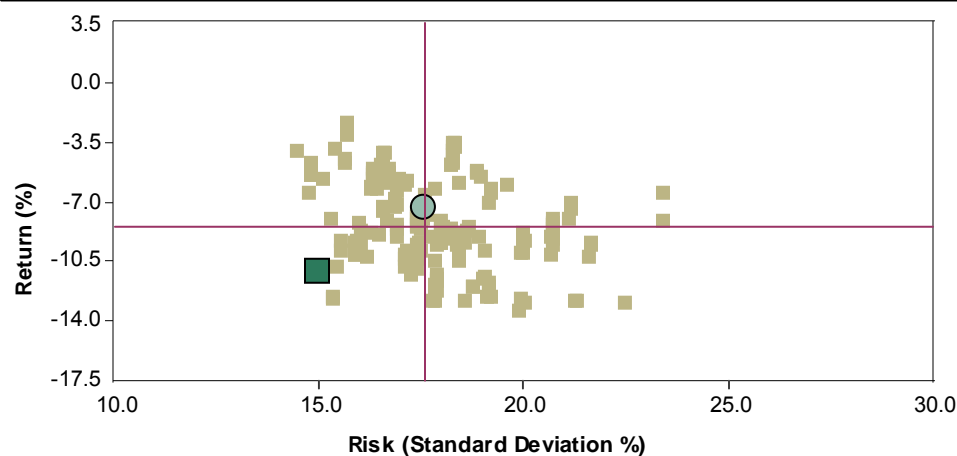
■ Principal Mid Cap Stock Fund Edge
● S&P MidCap 400

	2008	2007	2006	2005	2004	2003	2002
Principal Mid Cap Stock Fund Edge	-30.15 (6)	-8.63 (97)	12.07 (57)	N/A	N/A	N/A	N/A
S&P MidCap 400	-36.23 (30)	7.98 (36)	10.32 (67)	12.55 (25)	16.50 (39)	35.64 (35)	-14.51 (36)
5th Percentile	-29.52	20.63	22.26	16.80	21.79	59.24	-8.56
1st Quartile	-35.72	9.74	14.65	12.54	17.59	38.35	-13.26
Median	-38.18	6.14	12.78	10.48	15.89	34.16	-15.52
3rd Quartile	-41.82	1.49	9.41	7.78	13.81	30.19	-19.72
95th Percentile	-51.26	-5.49	3.92	2.75	6.91	24.86	-29.82

Historical Statistics (07/01/05 - 03/31/09) *

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Mid Cap Stock Fund Edge	-11.05	14.94	-0.96	-5.98	0.75	0.77	8.47	-0.53	14.45	07/01/2005
S&P MidCap 400	-7.32	17.52	-0.55	0.00	1.00	1.00	0.00	N/A	17.10	07/01/2005
90 Day U.S. Treasury Bill	3.59	0.80	N/A	3.69	0.02	0.29	17.10	0.55	0.00	07/01/2005

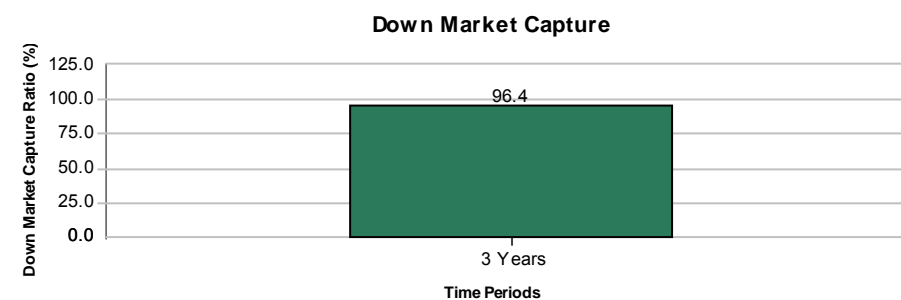
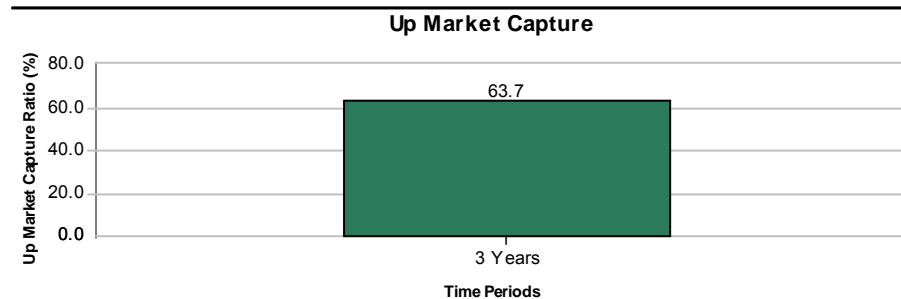
Peer Group Scattergram (07/01/05 to 03/31/09)



	Return	Standard Deviation
Principal Mid Cap Stock Fund Edge	-11.05	14.94
S&P MidCap 400	-7.32	17.52
Median	-8.52	17.59

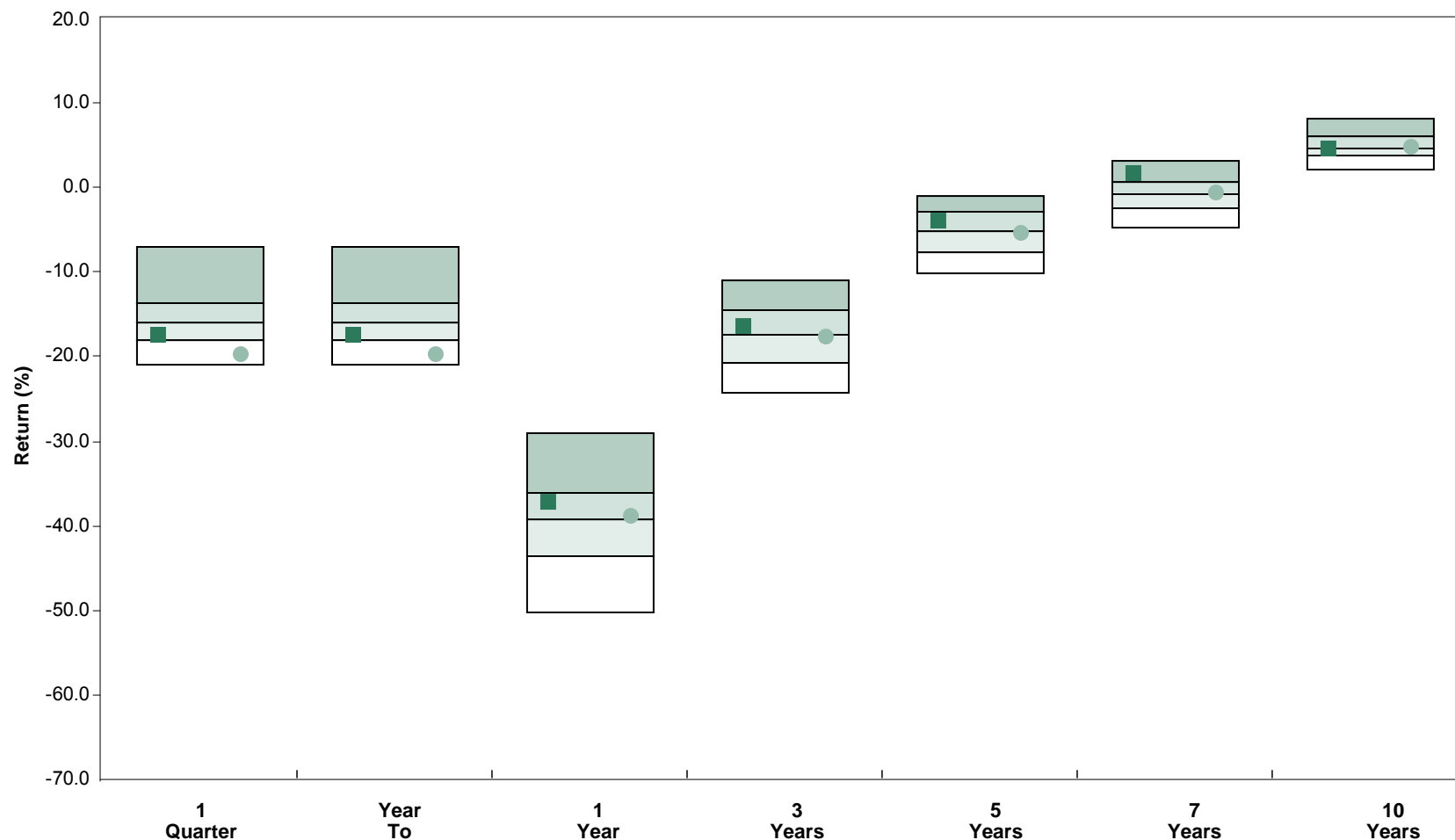
* Quarterly periodicity used.

Up Down Market Capture



Principal Small Comp Val Acct

Peer Group Analysis - US Equity Small-Cap Value Funds (MF)



■ Principal Small Comp Val Acct
● Russell 2000 Value Index

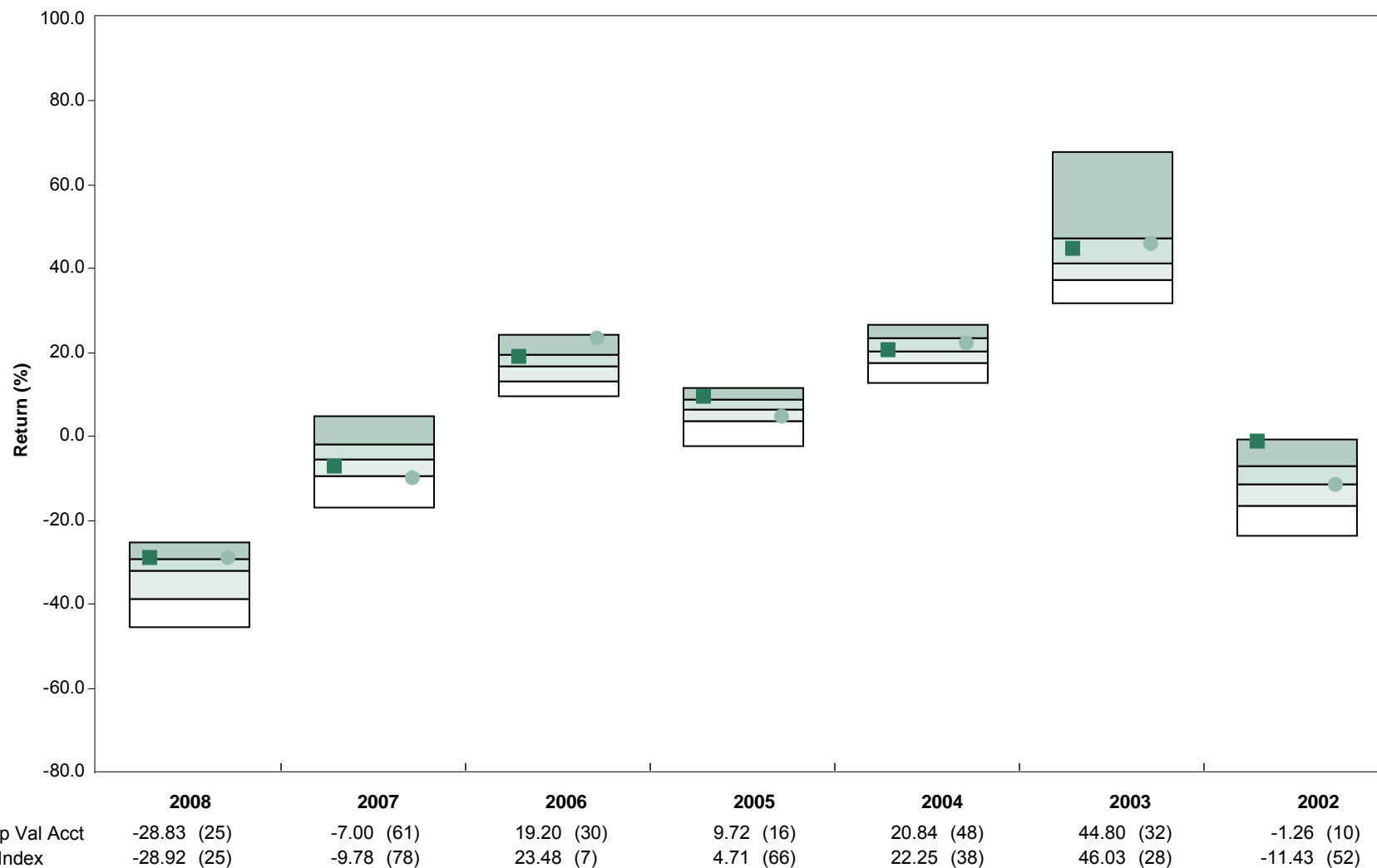
5th Percentile
1st Quartile
Median
3rd Quartile
95th Percentile

1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
-17.50 (71)	-17.50 (71)	-37.15 (32)	-16.37 (34)	-3.91 (37)	1.64 (11)	4.62 (55)
-19.64 (94)	-19.64 (94)	-38.89 (46)	-17.54 (51)	-5.30 (54)	-0.56 (46)	4.87 (46)
-7.09	-7.09	-29.09	-10.91	-0.90	3.22	8.17
-13.67	-13.67	-36.04	-14.47	-2.91	0.67	6.09
-16.02	-16.02	-39.30	-17.45	-5.10	-0.69	4.68
-18.07	-18.07	-43.68	-20.72	-7.60	-2.35	3.69
-20.85	-20.85	-50.21	-24.23	-10.07	-4.76	2.06

Principal Small Comp Val Acct

City of Rockville
March 31, 2009

Peer Group Analysis - US Equity Small-Cap Value Funds (MF)

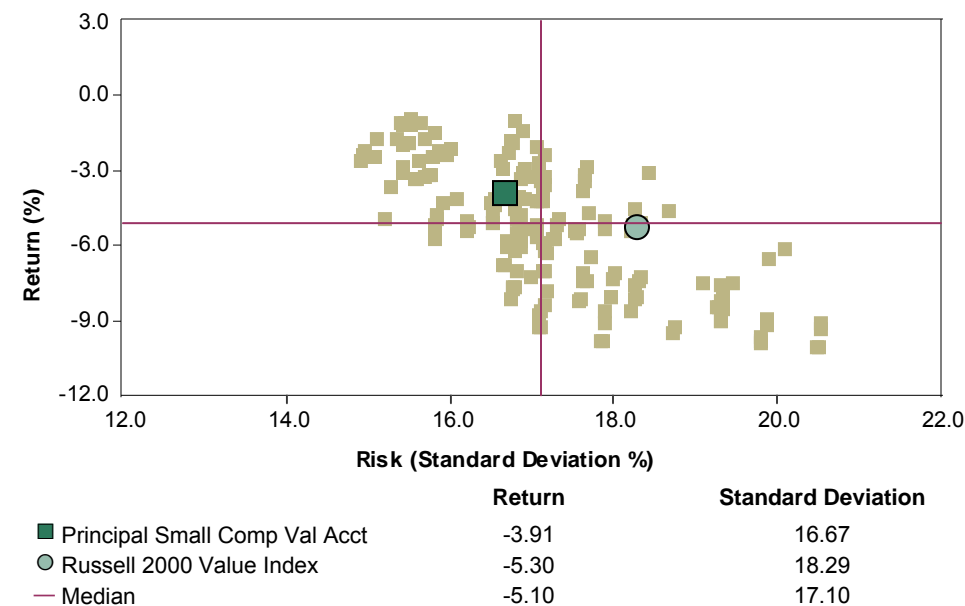


5th Percentile	-25.11	4.74	24.27	11.77	26.68	67.88	-0.65
1st Quartile	-29.29	-1.98	19.63	8.63	23.49	47.20	-6.97
Median	-32.05	-5.28	16.58	6.24	20.47	41.41	-11.37
3rd Quartile	-38.68	-9.57	13.20	3.57	17.51	37.19	-16.61
95th Percentile	-45.68	-17.05	9.75	-2.28	12.66	31.76	-23.56

Historical Statistics (04/01/04 - 03/31/09) *

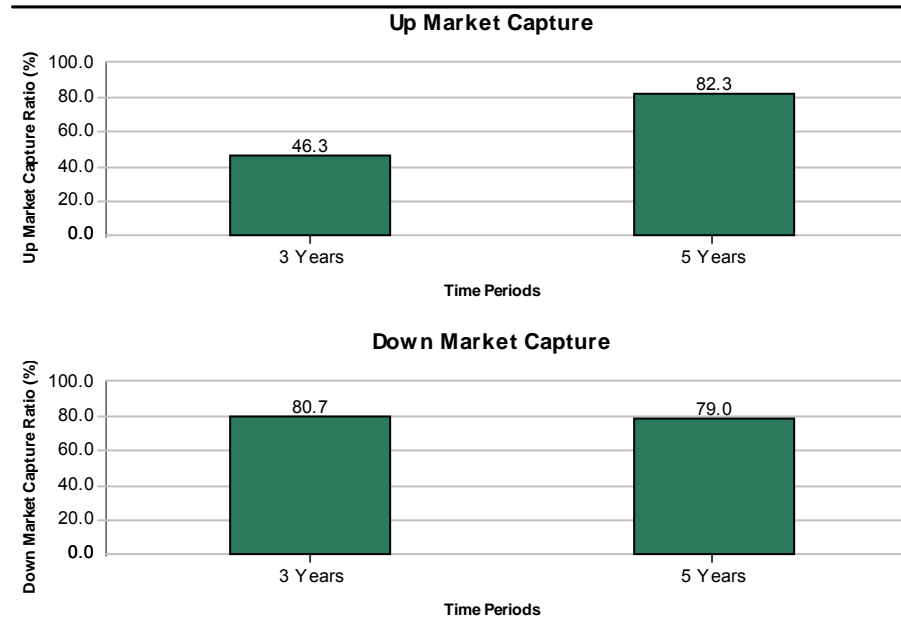
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Small Comp Val Acct	-3.91	16.67	-0.34	0.69	0.88	0.93	4.88	0.23	16.42	04/01/1997
Russell 2000 Value Index	-5.30	18.29	-0.37	0.00	1.00	1.00	0.00	N/A	18.01	04/01/1997
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.13	0.02	0.13	18.01	0.37	0.00	04/01/1997

Peer Group Scattergram (04/01/04 to 03/31/09)



* Quarterly periodicity used.

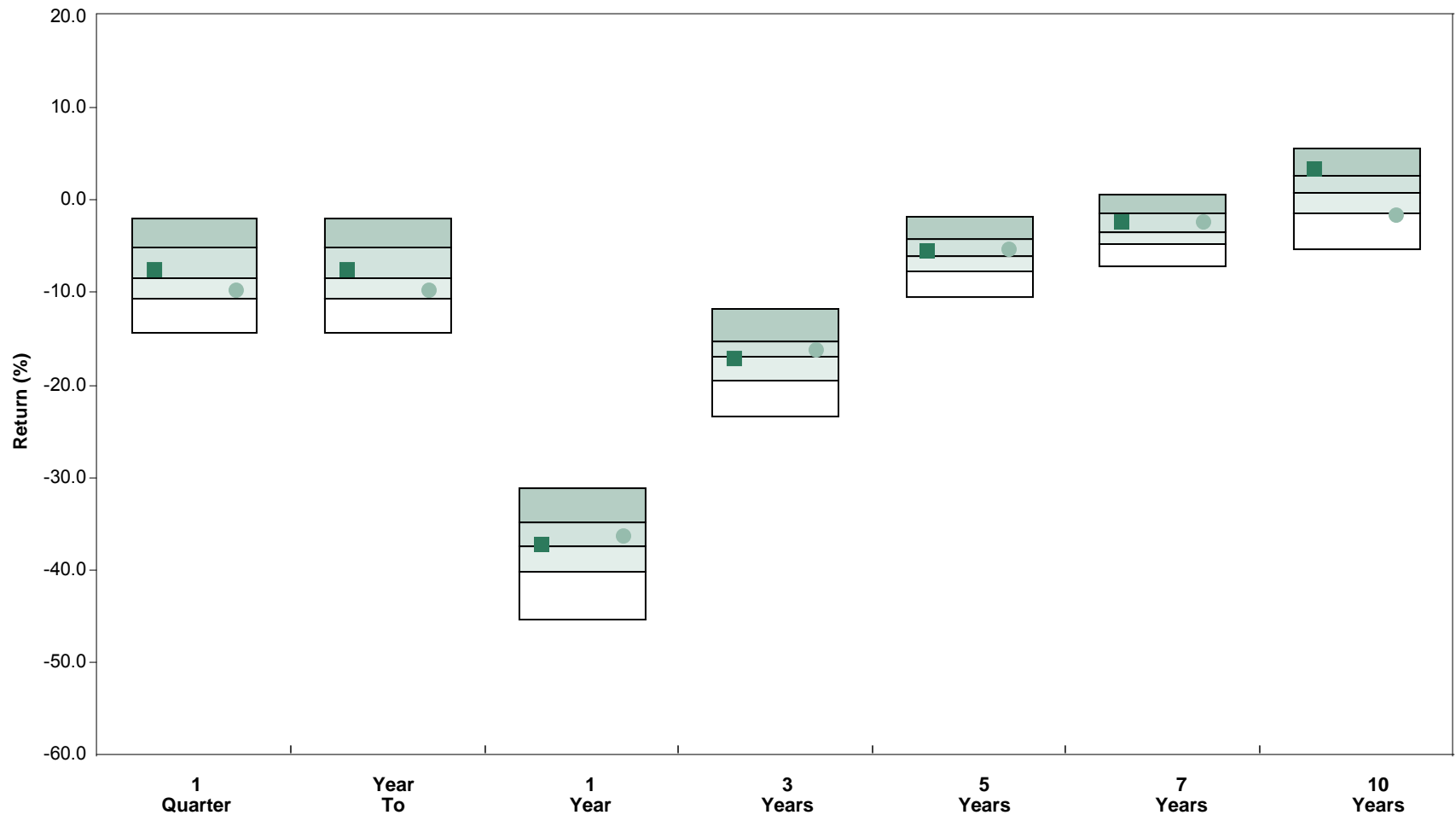
Up Down Market Capture



Vanguard Explorer Fund

City of Rockville
March 31, 2009

Peer Group Analysis - US Equity Small-Cap Growth Funds (MF)

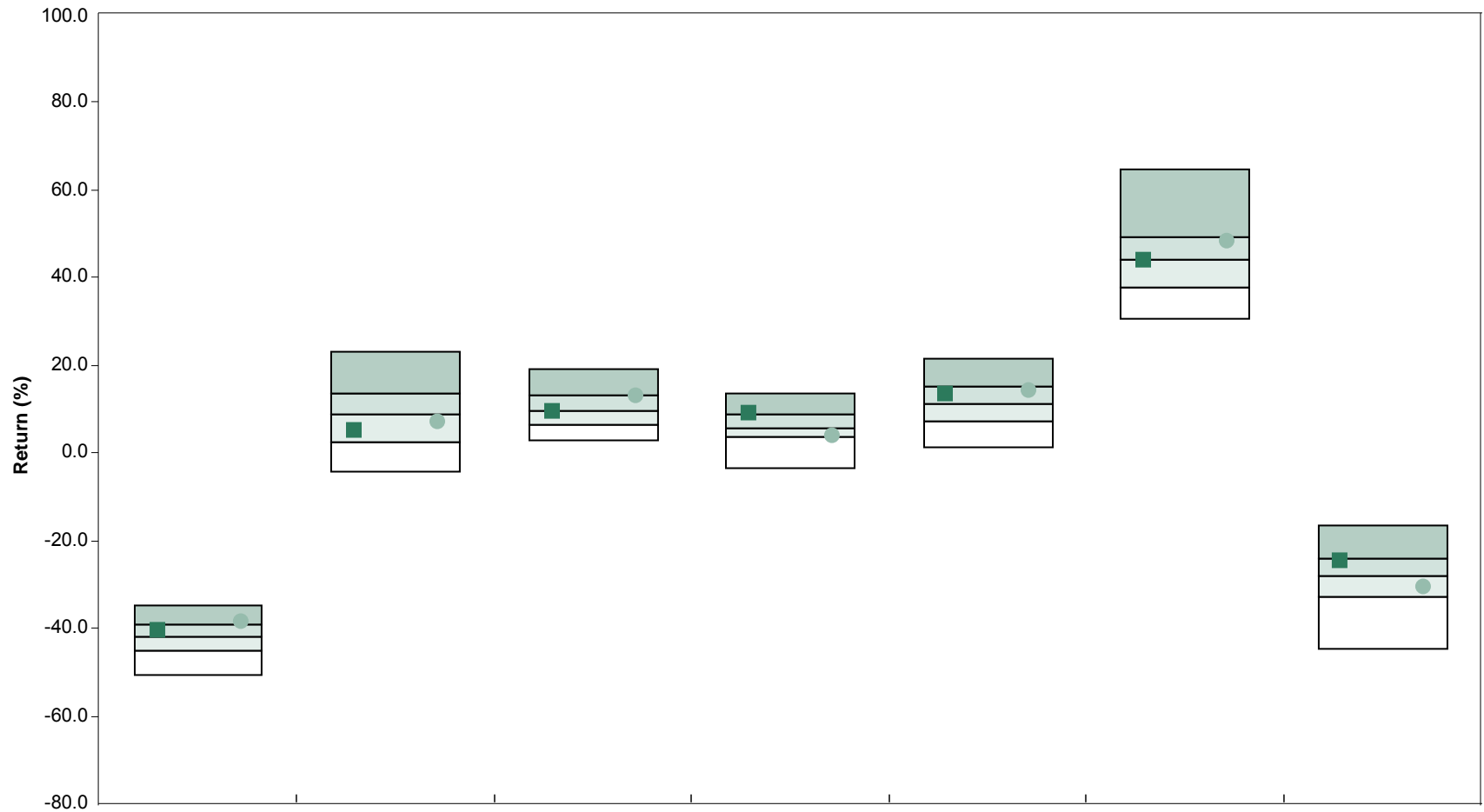


■ Vanguard Explorer Fund
● Russell 2000 Growth Index

5th Percentile
1st Quartile
Median
3rd Quartile
95th Percentile

1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
-7.57 (43)	-7.57 (43)	-37.21 (48)	-17.11 (52)	-5.55 (44)	-2.34 (37)	3.36 (16)
-9.74 (62)	-9.74 (62)	-36.36 (41)	-16.20 (37)	-5.37 (41)	-2.35 (38)	-1.60 (76)
-1.92	-1.92	-31.16	-11.72	-1.87	0.69	5.57
-5.06	-5.06	-34.84	-15.38	-4.19	-1.43	2.56
-8.43	-8.43	-37.48	-16.99	-6.05	-3.37	0.72
-10.67	-10.67	-40.32	-19.49	-7.77	-4.82	-1.44
-14.29	-14.29	-45.39	-23.47	-10.55	-7.19	-5.26

Peer Group Analysis - US Equity Small-Cap Growth Funds (MF)



	2008	2007	2006	2005	2004	2003	2002
■ Vanguard Explorer Fund	-40.40 (36)	5.06 (64)	9.70 (51)	9.28 (21)	13.75 (34)	44.25 (49)	-24.58 (27)
● Russell 2000 Growth Index	-38.54 (18)	7.05 (58)	13.35 (25)	4.15 (70)	14.31 (30)	48.54 (28)	-30.26 (63)
5th Percentile	-34.87	23.07	19.01	13.50	21.61	64.70	-16.53
1st Quartile	-39.32	13.66	13.20	8.73	14.98	49.44	-24.07
Median	-42.01	8.74	9.77	5.57	11.21	43.97	-27.96
3rd Quartile	-45.12	2.63	6.61	3.60	7.25	37.74	-32.91
95th Percentile	-50.79	-4.16	2.94	-3.68	1.40	30.66	-44.67

Vanguard Explorer Fund

City of Rockville
March 31, 2009

Fund Information

Fund Name Vanguard Explorer Fund; Investor Shares
Fund Family Vanguard Group Inc
Ticker VEXPX
Inception Date 12/11/1967

Portfolio Assets \$6,826.8 Million
Portfolio Manager Team Managed
PM Tenure
Fund Style US Equity Small-Cap Growth Funds (MF)
Style Benchmark Russell 2000 Growth Index
Portfolio Turnover 112%

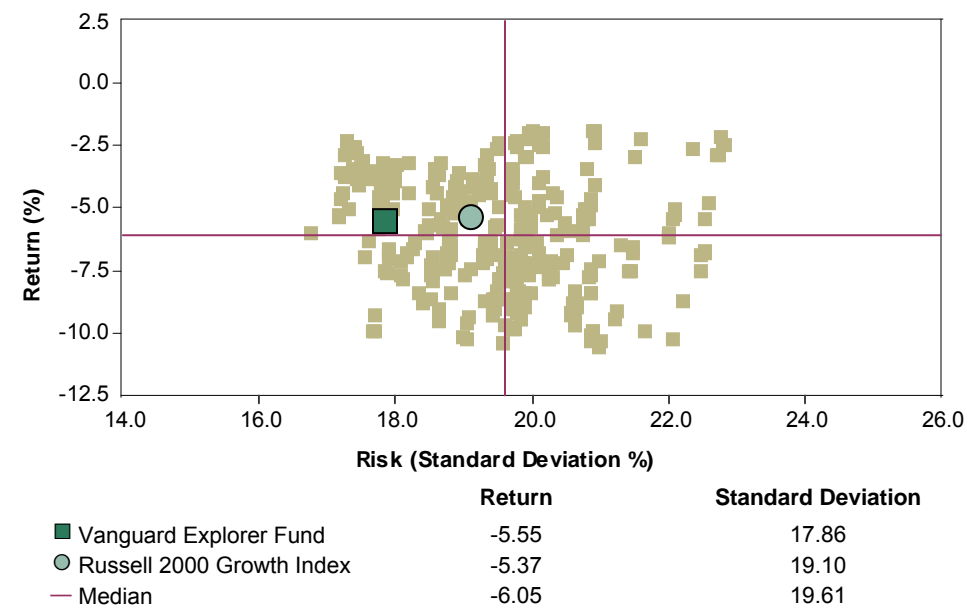
Fund Investment Policy

The Fund seeks long-term capital growth. Invests mainly in stocks of small firms. These tend to be unseasoned firms, but are considered to have superior growth potential. These companies provide little or no dividend income.

Historical Statistics (04/01/04 - 03/31/09) *

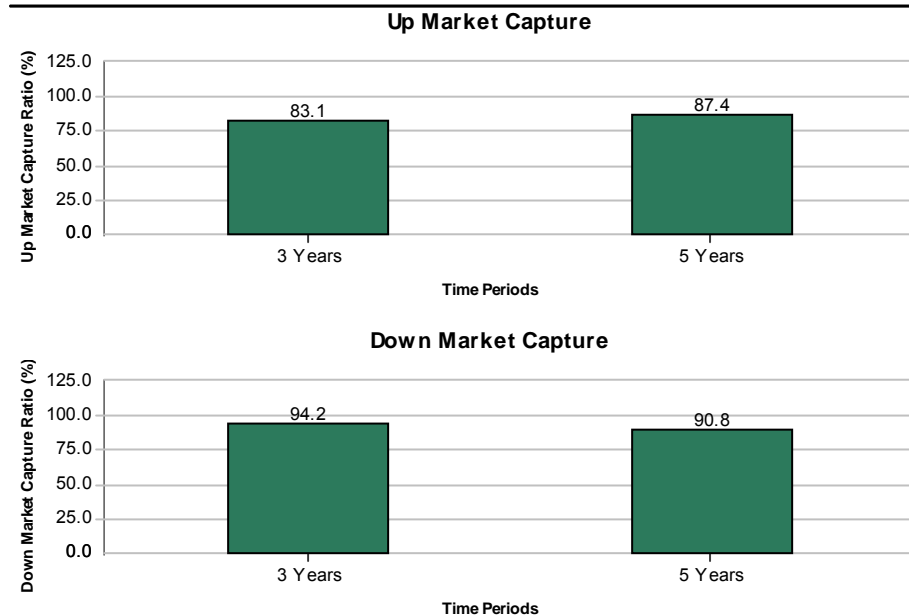
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Vanguard Explorer Fund	-5.55	17.86	-0.40	-0.71	0.92	0.97	3.41	-0.13	17.63	01/01/1968
Russell 2000 Growth Index	-5.37	19.10	-0.35	0.00	1.00	1.00	0.00	N/A	18.85	01/01/1968
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.12	0.01	0.11	18.85	0.35	0.00	01/01/1968

Peer Group Scattergram (04/01/04 to 03/31/09)



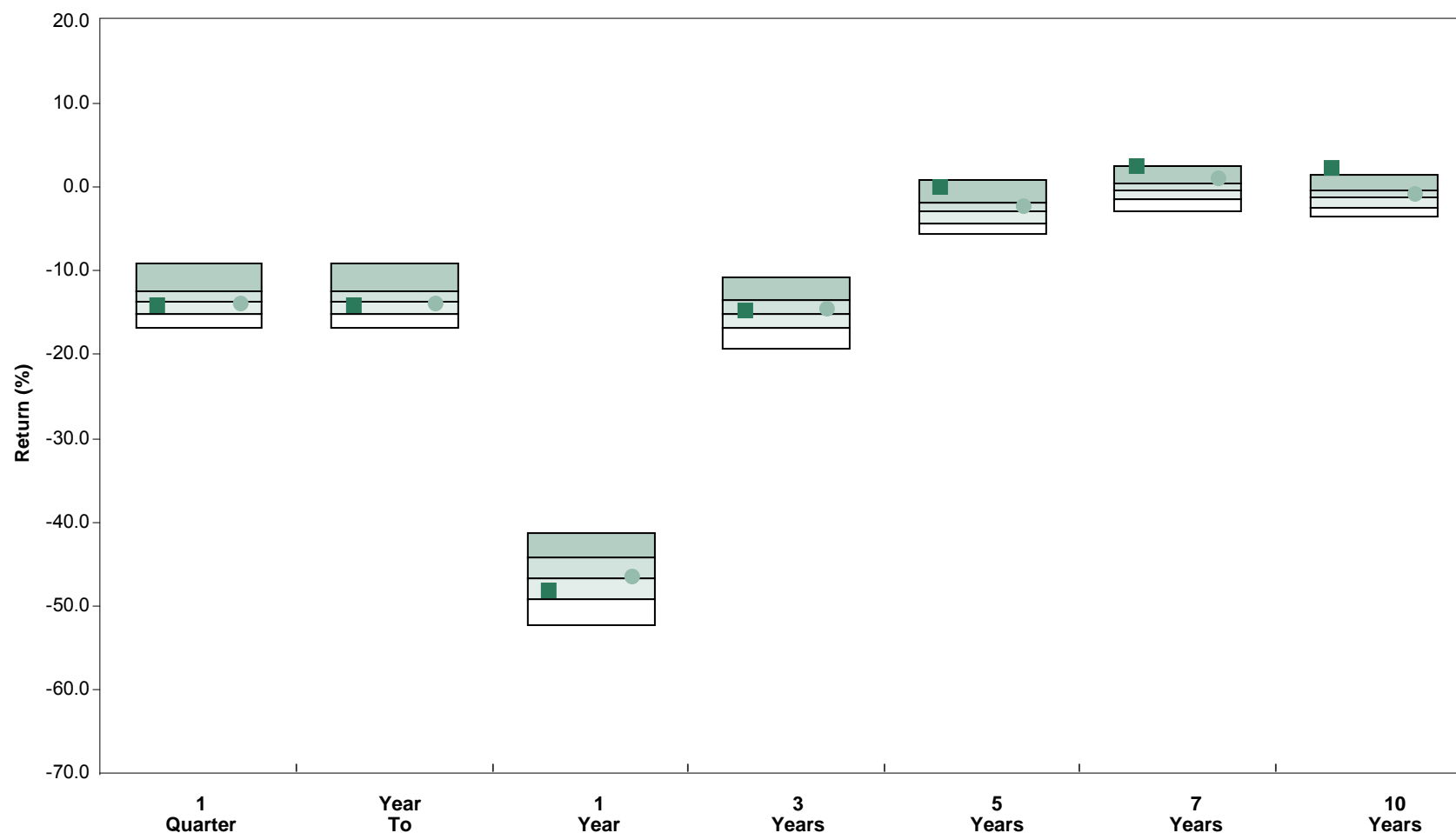
* Quarterly periodicity used.

Up Down Market Capture



Principal Diversified Intl Acct

Peer Group Analysis - International Equity Large-Cap Core Funds (MF)

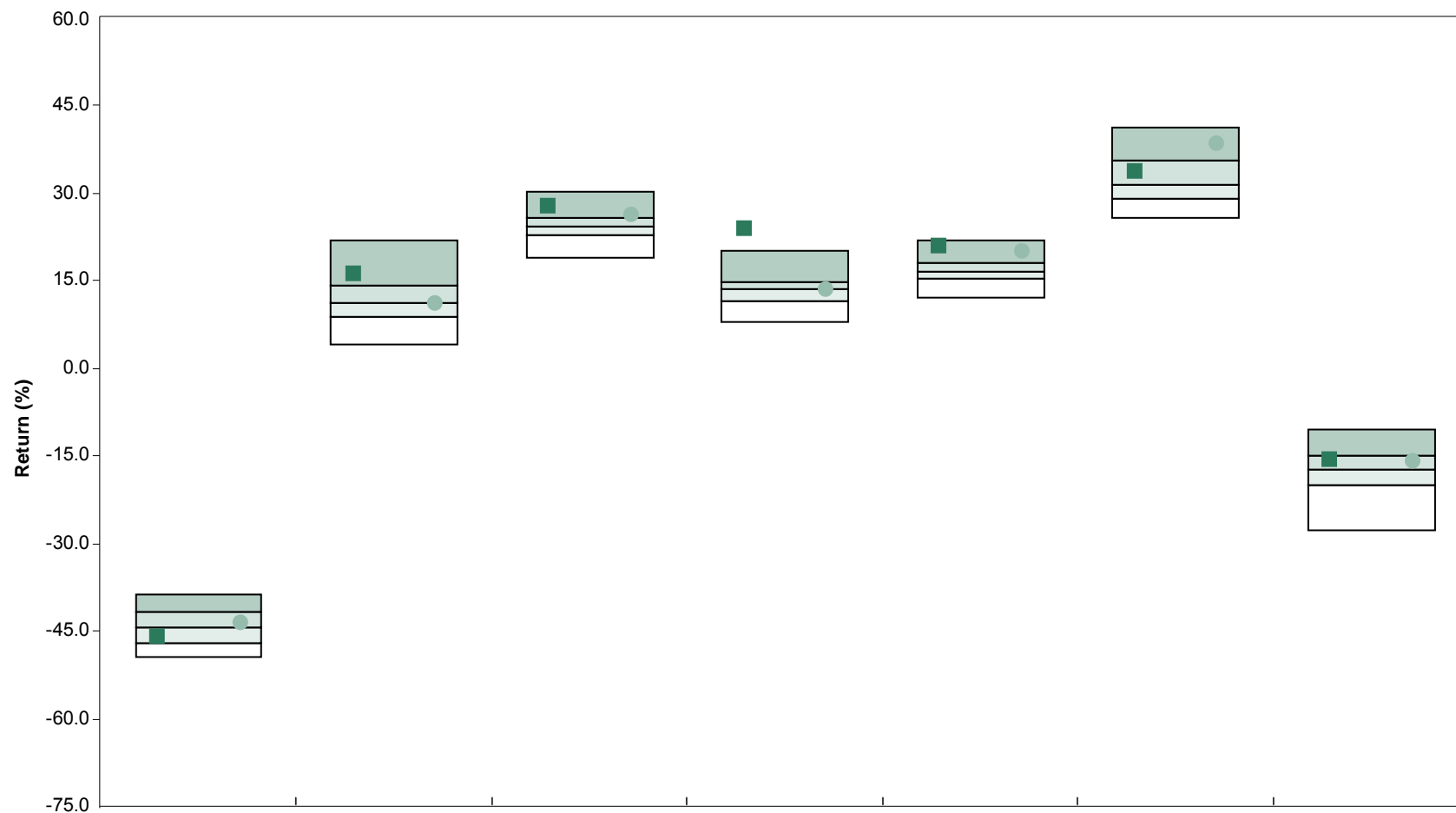


Principal Diversified Intl Acct	-14.07 (56)	-14.07 (56)	-48.24 (63)	-14.75 (45)	0.04 (8)	2.45 (6)	2.31 (3)
MSCI EAFE (net)	-13.94 (53)	-13.94 (53)	-46.51 (45)	-14.47 (41)	-2.18 (33)	1.15 (17)	-0.84 (38)
5th Percentile	-9.10	-9.10	-41.34	-10.81	0.84	2.54	1.58
1st Quartile	-12.34	-12.34	-44.31	-13.56	-1.85	0.51	-0.35
Median	-13.67	-13.67	-46.82	-15.11	-2.93	-0.45	-1.17
3rd Quartile	-15.13	-15.13	-49.20	-16.77	-4.38	-1.38	-2.41
95th Percentile	-16.76	-16.76	-52.40	-19.33	-5.56	-2.95	-3.54

Principal Diversified Intl Acct

City of Rockville
March 31, 2009

Peer Group Analysis - International Equity Large-Cap Core Funds (MF)



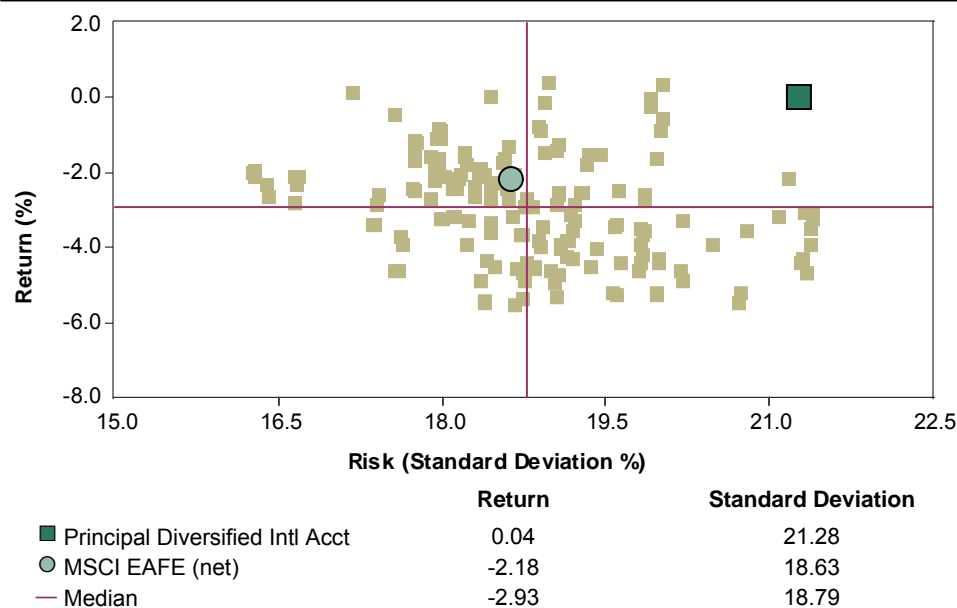
■ Principal Diversified Intl Acct
● MSCI EAFE (net)

	2008	2007	2006	2005	2004	2003	2002
Principal Diversified Intl Acct	-45.81 (65)	16.36 (12)	28.00 (13)	24.14 (1)	20.99 (8)	33.69 (32)	-15.57 (32)
MSCI EAFE (net)	-43.38 (44)	11.17 (50)	26.34 (20)	13.54 (48)	20.25 (10)	38.59 (14)	-15.94 (36)
5th Percentile	-38.80	22.01	30.32	20.25	21.84	41.15	-10.47
1st Quartile	-41.76	14.19	25.94	14.82	18.08	35.74	-15.00
Median	-44.50	11.11	24.39	13.47	16.51	31.50	-17.23
3rd Quartile	-46.96	8.90	22.72	11.51	15.35	28.99	-19.92
95th Percentile	-49.47	4.23	18.96	8.05	12.27	25.87	-27.60

Historical Statistics (04/01/04 - 03/31/09) *

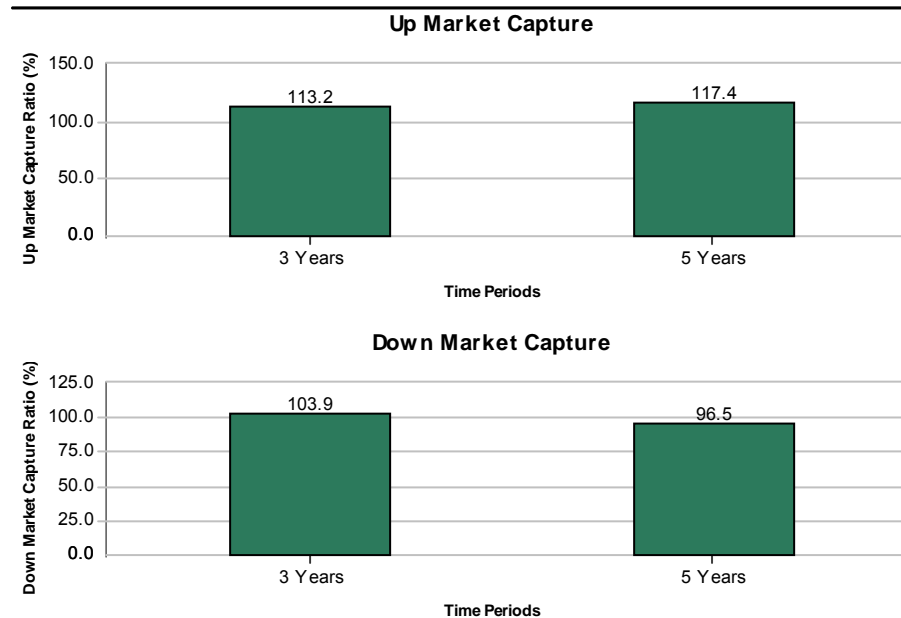
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Diversified Intl Acct	0.04	21.28	-0.03	2.87	1.13	0.98	4.05	0.70	20.95	01/01/1995
MSCI EAFE (net)	-2.18	18.63	-0.19	0.00	1.00	1.00	0.00	N/A	18.28	01/01/1995
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.08	0.02	0.20	18.28	0.19	0.00	01/01/1995

Peer Group Scattergram (04/01/04 to 03/31/09)



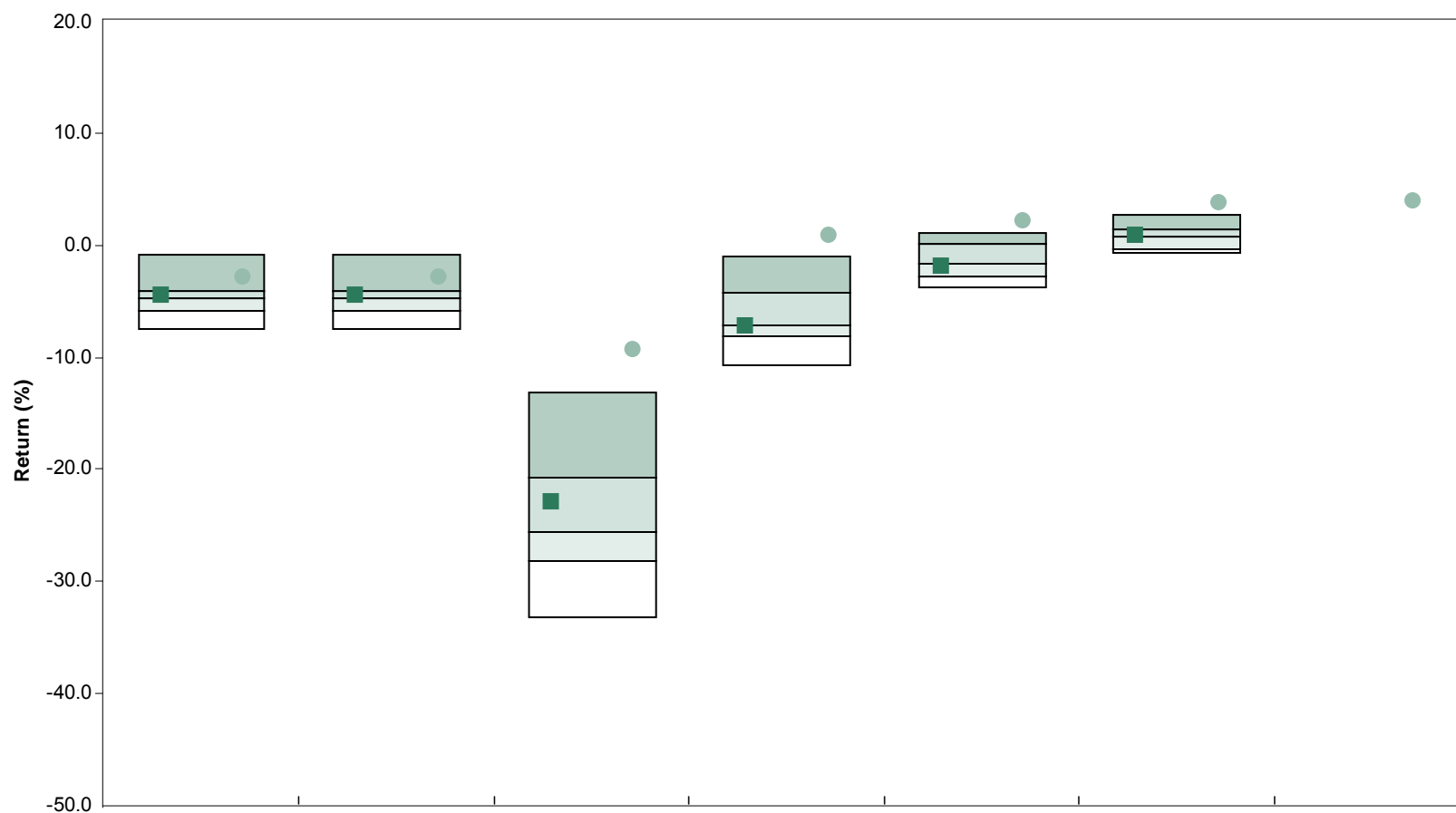
* Quarterly periodicity used.

Up Down Market Capture



Principal Lifetime Strategic Income

Peer Group Analysis - Mixed-Asset Target 2010 Funds (MF)

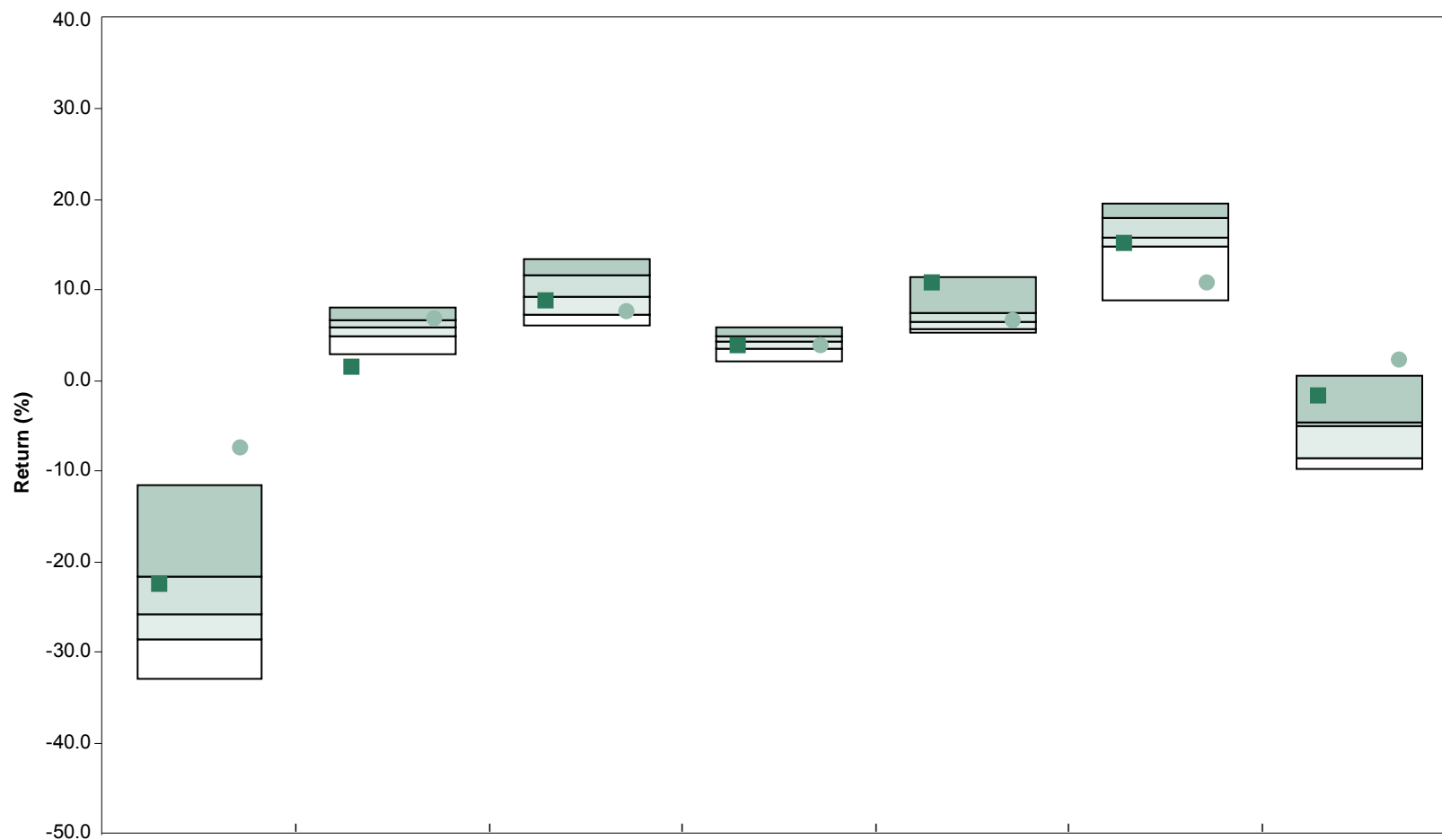


	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years
■ Principal Lifetime Strategic Income	-4.45 (35)	-4.45 (35)	-22.79 (35)	-7.12 (51)	-1.80 (52)	0.94 (39)	N/A
● 75 LBAgg / 10 R3000 / 6 EAFE Net	-2.74 (12)	-2.74 (12)	-9.31 (1)	0.86 (1)	2.28 (1)	3.80 (1)	4.03 (N/A)
5th Percentile	-0.78	-0.78	-13.15	-1.03	1.03	2.70	N/A
1st Quartile	-4.09	-4.09	-20.82	-4.21	0.08	1.47	N/A
Median	-4.75	-4.75	-25.54	-7.08	-1.65	0.83	N/A
3rd Quartile	-5.93	-5.93	-28.17	-8.21	-2.77	-0.31	N/A
95th Percentile	-7.49	-7.49	-33.21	-10.74	-3.69	-0.69	N/A

Principal Lifetime Strategic Income

City of Rockville
March 31, 2009

Peer Group Analysis - Mixed-Asset Target 2010 Funds (MF)

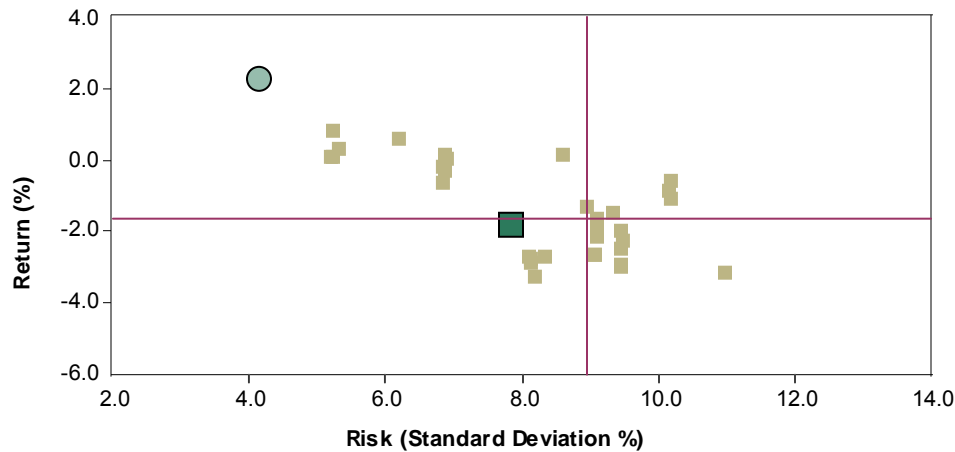


	2008	2007	2006	2005	2004	2003	2002
■ Principal Lifetime Strategic Income	-22.42 (30)	1.59 (100)	8.94 (56)	3.95 (70)	10.91 (16)	15.29 (67)	-1.70 (8)
● 75 LBAgg / 10 R3000 / 6 EAFE Net	-7.47 (1)	6.98 (21)	7.71 (70)	3.86 (71)	6.73 (46)	10.87 (89)	2.24 (4)
5th Percentile	-11.59	8.11	13.34	5.82	11.37	19.53	0.47
1st Quartile	-21.58	6.74	11.68	5.00	7.47	18.06	-4.57
Median	-25.81	5.84	9.35	4.31	6.56	15.82	-5.07
3rd Quartile	-28.64	5.00	7.37	3.57	5.68	14.92	-8.65
95th Percentile	-32.90	2.89	6.14	2.12	5.39	8.92	-9.72

Historical Statistics (04/01/04 - 03/31/09) *

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Lifetime Strategic Income	-1.80	7.85	-0.60	-5.36	1.65	0.76	4.71	-0.82	7.56	04/01/2001
75 LBAG / 10 R3000 / 6 EAFE Net	2.28	4.15	-0.19	0.00	1.00	1.00	0.00	N/A	3.74	04/01/2001
90 Day U.S. Treasury Bill	3.11	0.82	N/A	2.81	0.11	0.32	3.74	0.19	0.00	04/01/2001

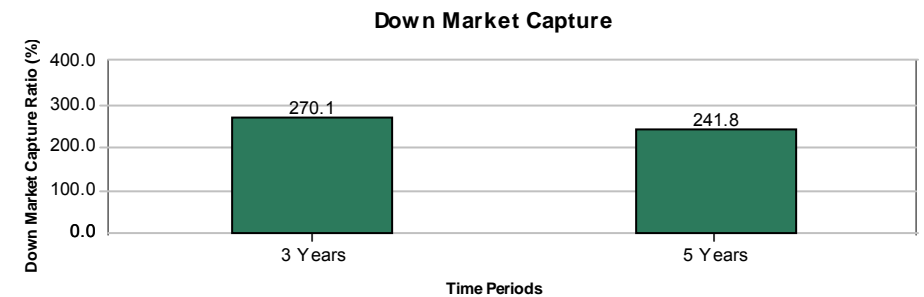
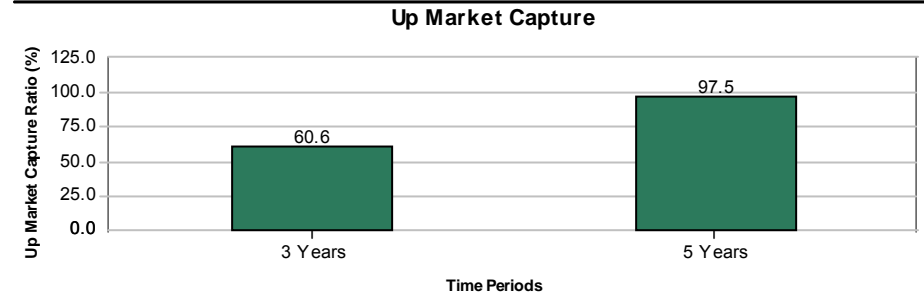
Peer Group Scattergram (04/01/04 to 03/31/09)



	Return	Standard Deviation
Principal Lifetime Strategic Income	-1.80	7.85
75 LBAG / 10 R3000 / 6 EAFE Net	2.28	4.15
Median	-1.65	8.94

* Quarterly periodicity used.

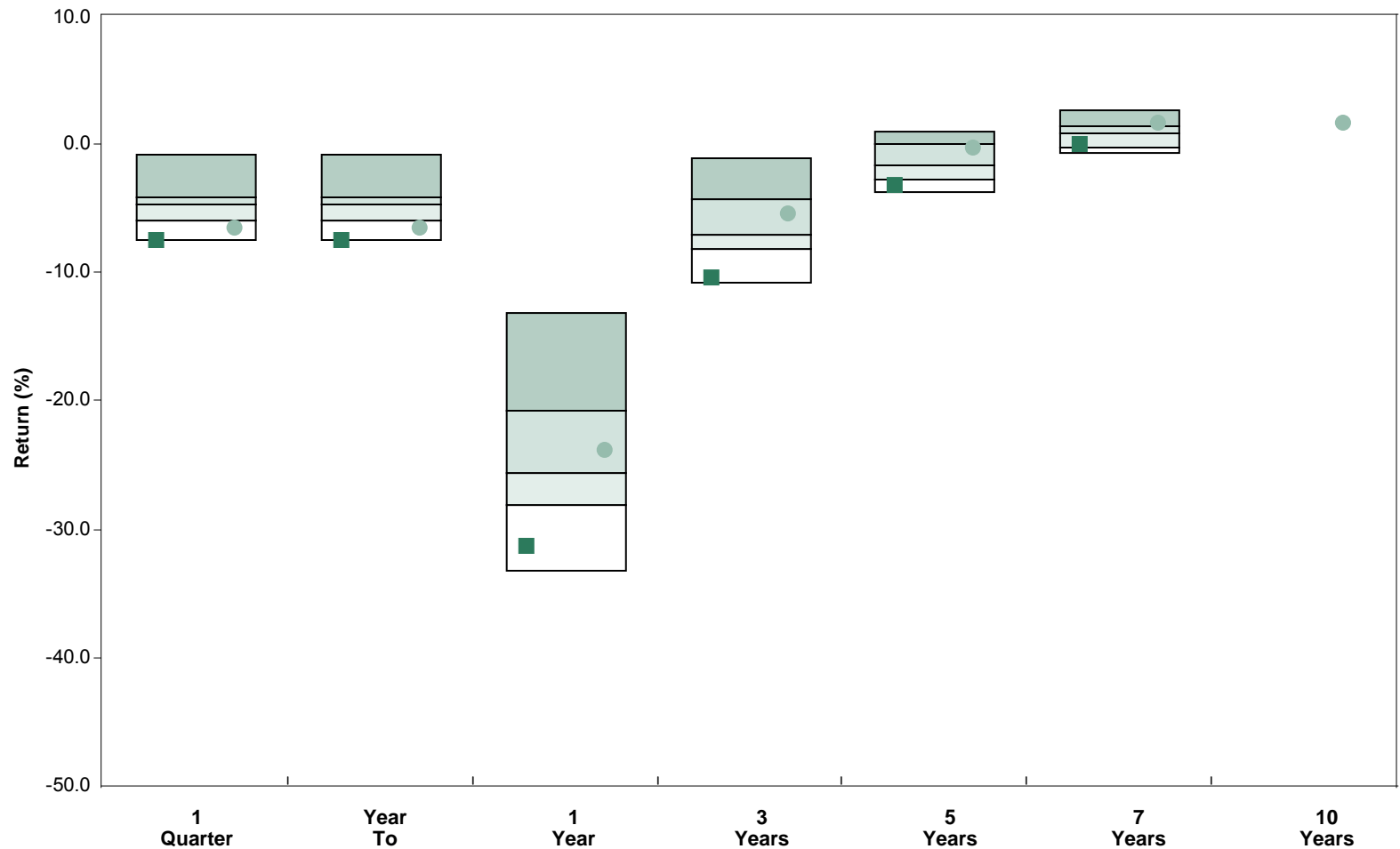
Up Down Market Capture



Principal Lifetime 2010

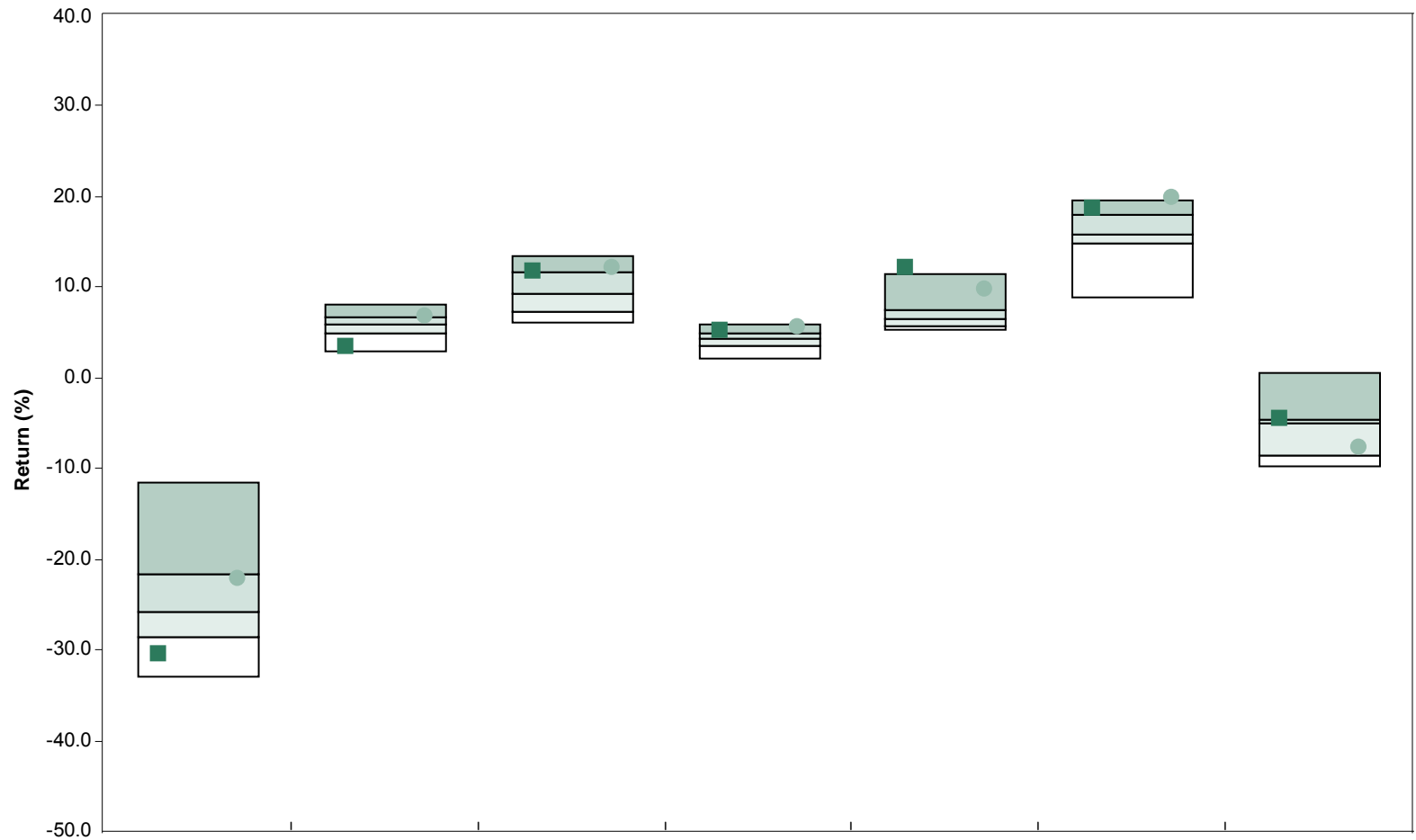
City of Rockville
March 31, 2009

Peer Group Analysis - Mixed-Asset Target 2010 Funds (MF)



■ Principal Lifetime 2010	-7.50 (96)	-7.50 (96)	-31.35 (90)	-10.40 (88)	-3.18 (86)	-0.04 (68)	N/A
● 43 LBAgg / 41.9 R3000 / 15.1 EAFE Net	-6.51 (79)	-6.51 (79)	-23.78 (38)	-5.41 (34)	-0.22 (32)	1.65 (18)	1.71 (N/A)
5th Percentile	-0.78	-0.78	-13.15	-1.03	1.03	2.70	N/A
1st Quartile	-4.09	-4.09	-20.82	-4.21	0.08	1.47	N/A
Median	-4.75	-4.75	-25.54	-7.08	-1.65	0.83	N/A
3rd Quartile	-5.93	-5.93	-28.17	-8.21	-2.77	-0.31	N/A
95th Percentile	-7.49	-7.49	-33.21	-10.74	-3.69	-0.69	N/A

Peer Group Analysis - Mixed-Asset Target 2010 Funds (MF)

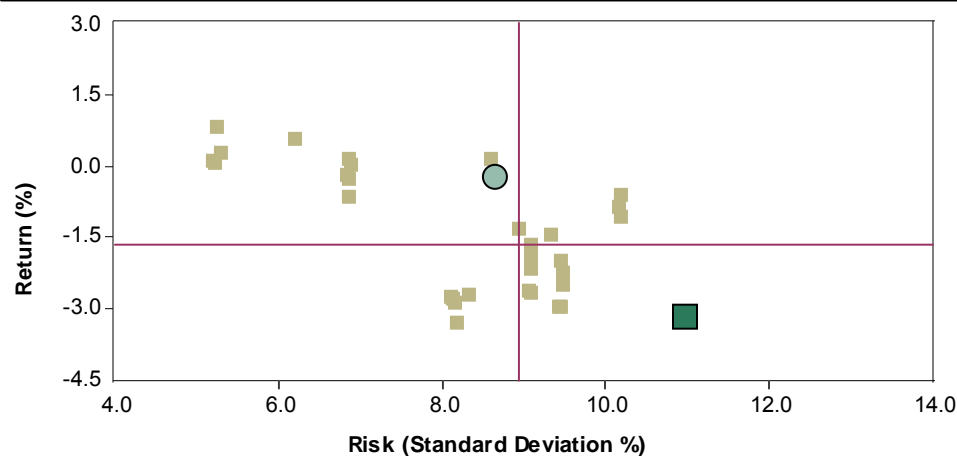


■ Principal Lifetime 2010	-30.37 (86)	3.44 (90)	11.85 (25)	5.39 (13)	12.32 (1)	18.79 (6)	-4.44 (22)
● 43 LBAgg / 41.9 R3000 / 15.1 EAFE Net	-22.11 (30)	6.98 (21)	12.26 (19)	5.73 (7)	9.90 (22)	20.04 (5)	-7.55 (68)
5th Percentile	-11.59	8.11	13.34	5.82	11.37	19.53	0.47
1st Quartile	-21.58	6.74	11.68	5.00	7.47	18.06	-4.57
Median	-25.81	5.84	9.35	4.31	6.56	15.82	-5.07
3rd Quartile	-28.64	5.00	7.37	3.57	5.68	14.92	-8.65
95th Percentile	-32.90	2.89	6.14	2.12	5.39	8.92	-9.72

Historical Statistics (04/01/04 - 03/31/09) *

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Lifetime 2010	-3.18	10.97	-0.53	-2.79	1.25	0.97	2.90	-0.95	10.64	04/01/2001
43 LBAG / 41.9 R3000 / 15.1 EAFE Net	-0.22	8.66	-0.35	0.00	1.00	1.00	0.00	N/A	8.27	04/01/2001
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.07	0.05	0.26	8.27	0.35	0.00	04/01/2001

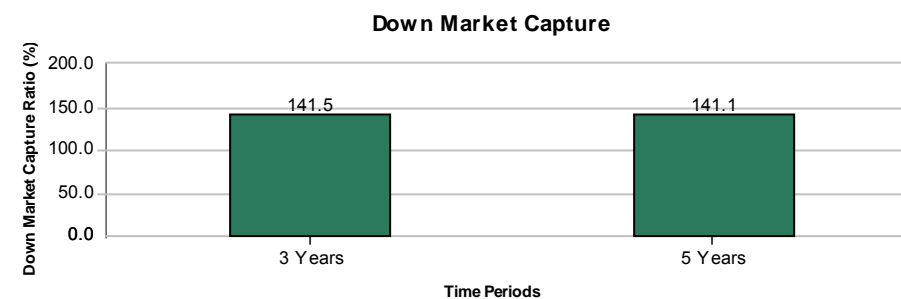
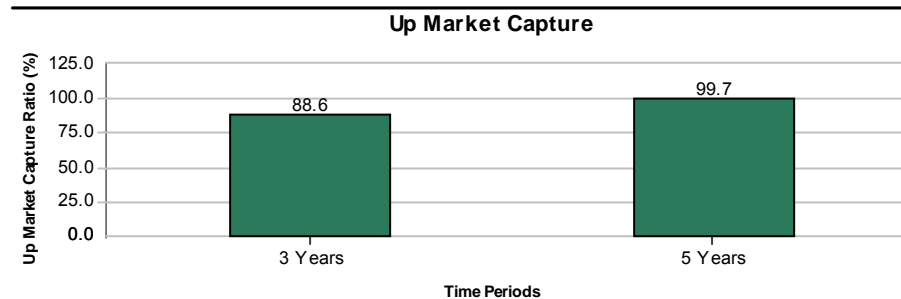
Peer Group Scattergram (04/01/04 to 03/31/09)



	Return	Standard Deviation
Principal Lifetime 2010	-3.18	10.97
43 LBAG / 41.9 R3000 / 15.1 EAFE Net	-0.22	8.66
Median	-1.65	8.94

* Quarterly periodicity used.

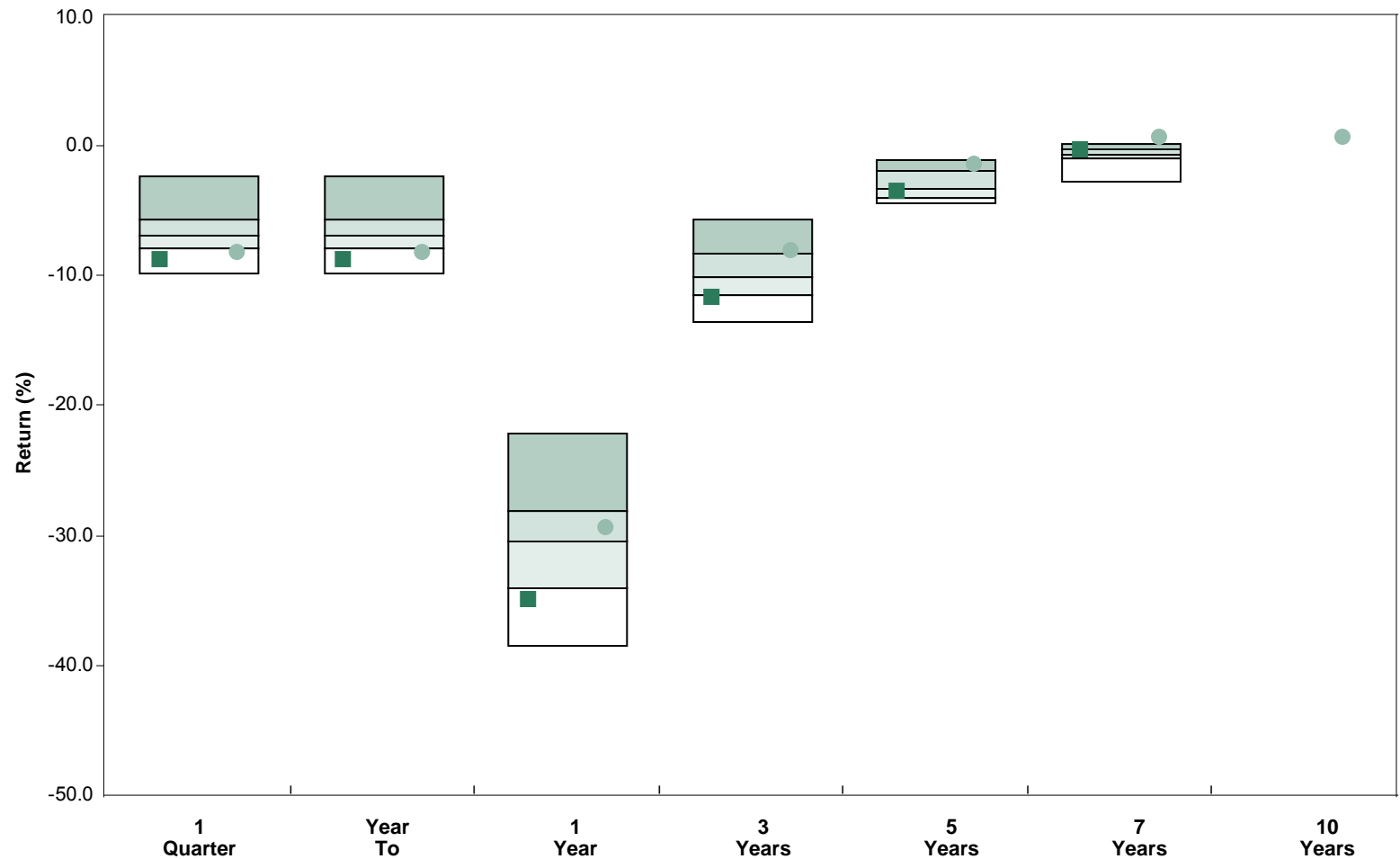
Up Down Market Capture



Principal Lifetime 2020

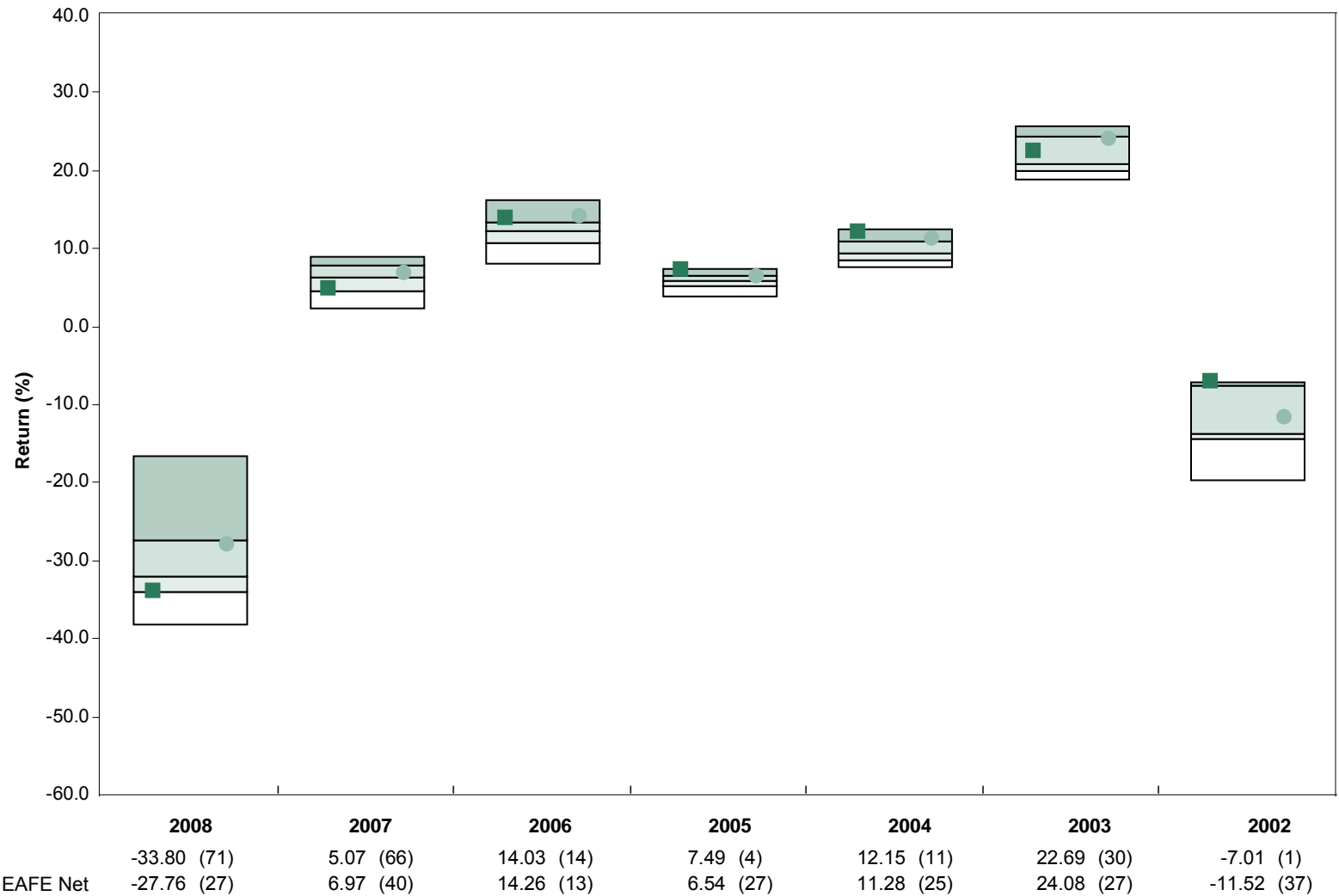
City of Rockville
March 31, 2009

Peer Group Analysis - Mixed-Asset Target 2020 Funds (MF)



■ Principal Lifetime 2020	-8.76 (85)	-8.76 (85)	-34.84 (79)	-11.59 (78)	-3.42 (57)	-0.19 (18)	N/A
● 29.5 LBAgg / 51.1 R3000 / 19.4 EAFE Net	-8.13 (77)	-8.13 (77)	-29.41 (33)	-8.04 (18)	-1.32 (7)	0.68 (1)	0.66 (N/A)
5th Percentile	-2.32	-2.32	-22.16	-5.63	-1.11	0.15	N/A
1st Quartile	-5.65	-5.65	-28.13	-8.35	-1.97	-0.23	N/A
Median	-6.88	-6.88	-30.51	-10.12	-3.27	-0.65	N/A
3rd Quartile	-7.93	-7.93	-34.08	-11.52	-4.04	-0.93	N/A
95th Percentile	-9.85	-9.85	-38.53	-13.51	-4.36	-2.68	N/A

Peer Group Analysis - Mixed-Asset Target 2020 Funds (MF)

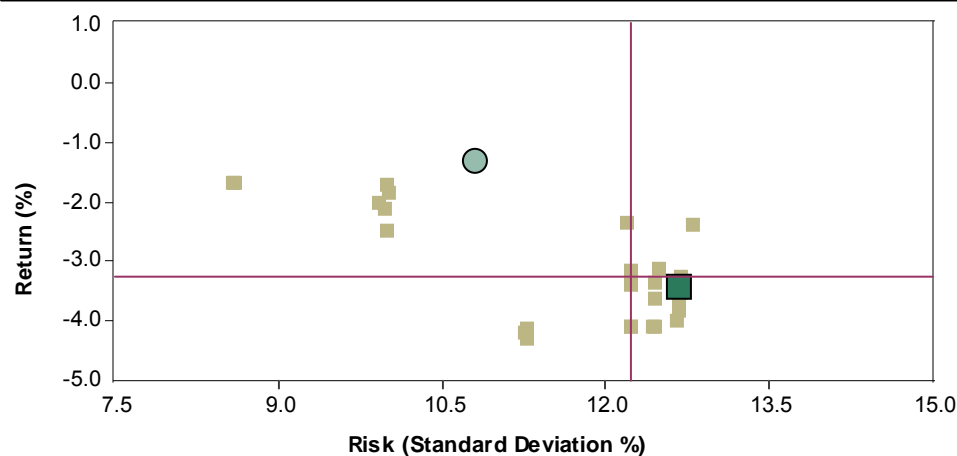


5th Percentile	-16.53	8.86	16.18	7.30	12.43	25.73	-7.19
1st Quartile	-27.47	7.80	13.32	6.62	10.92	24.45	-7.68
Median	-31.95	6.23	12.25	5.94	9.34	20.73	-13.71
3rd Quartile	-34.03	4.64	10.66	5.14	8.51	19.92	-14.50
95th Percentile	-38.25	2.26	8.11	3.78	7.52	18.87	-19.60

Historical Statistics (04/01/04 - 03/31/09) *

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Lifetime 2020	-3.42	12.68	-0.46	-1.78	1.16	0.98	2.51	-0.76	12.32	04/01/2001
29.5 LBAgg / 51.1 R3000 / 19.4 EAFE Net	-1.32	10.81	-0.36	0.00	1.00	1.00	0.00	N/A	10.43	04/01/2001
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.10	0.04	0.24	10.43	0.36	0.00	04/01/2001

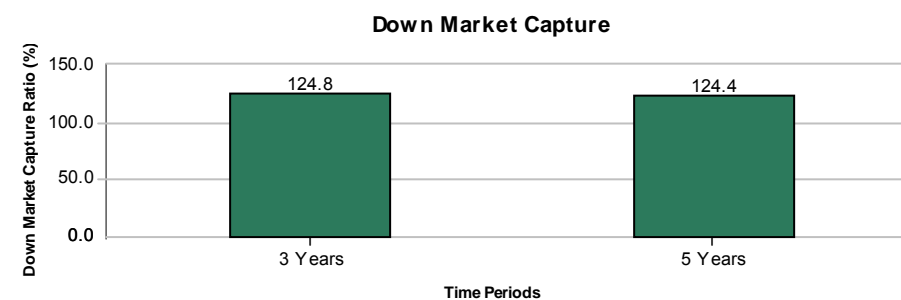
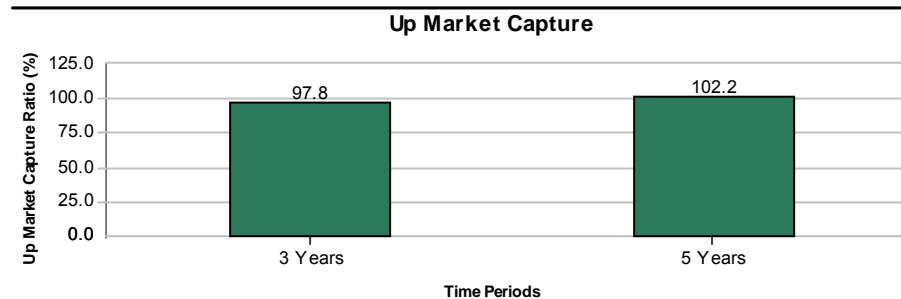
Peer Group Scattergram (04/01/04 to 03/31/09)



	Return	Standard Deviation
Principal Lifetime 2020	-3.42	12.68
29.5 LBAgg / 51.1 R3000 / 19.4 EAFE Net	-1.32	10.81
Median	-3.27	12.23

* Quarterly periodicity used.

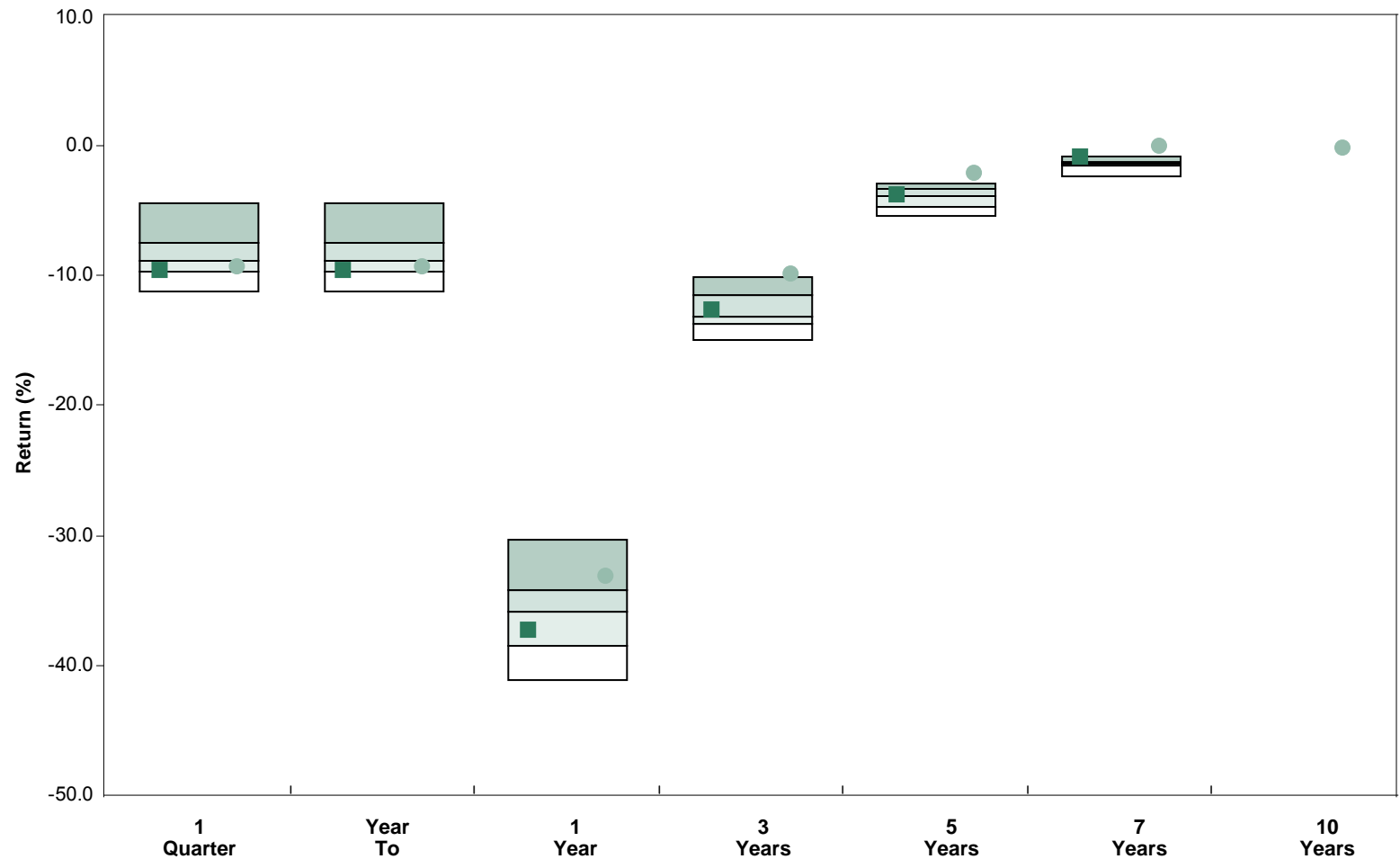
Up Down Market Capture



Principal Lifetime 2030

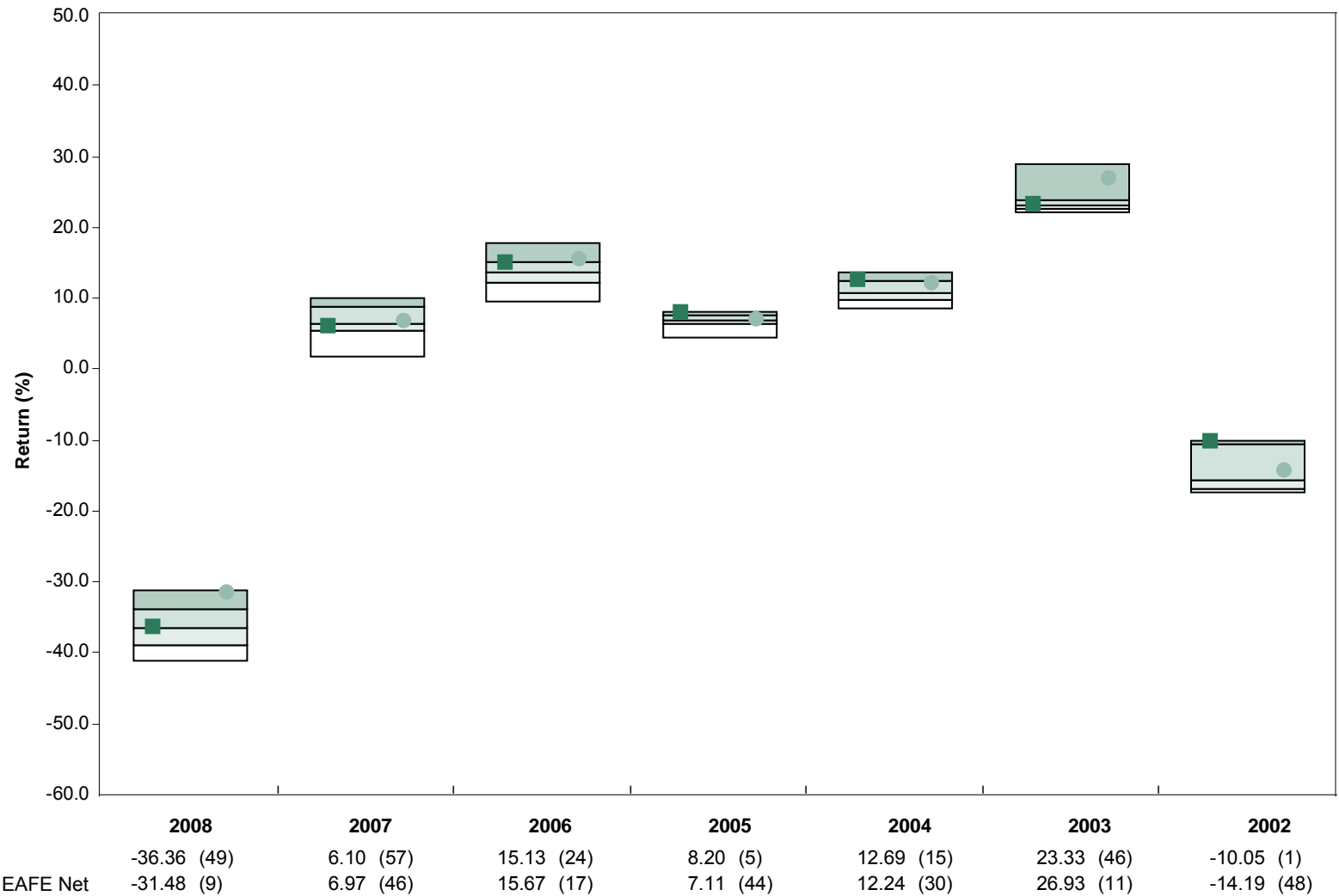
City of Rockville
March 31, 2009

Peer Group Analysis - Mixed-Asset Target 2030 Funds (MF)



■ Principal Lifetime 2030	-9.52 (68)	-9.52 (68)	-37.26 (61)	-12.58 (38)	-3.73 (43)	-0.84 (6)	N/A
● 20.2 LBAG / 57.3 R3000 / 22.5 EAFE Net	-9.26 (59)	-9.26 (59)	-33.12 (14)	-9.85 (3)	-2.09 (1)	0.00 (1)	-0.09 (N/A)
5th Percentile	-4.36	-4.36	-30.32	-10.11	-2.91	-0.83	N/A
1st Quartile	-7.39	-7.39	-34.19	-11.51	-3.31	-1.23	N/A
Median	-8.87	-8.87	-35.93	-13.08	-3.87	-1.31	N/A
3rd Quartile	-9.74	-9.74	-38.47	-13.75	-4.75	-1.48	N/A
95th Percentile	-11.23	-11.23	-41.07	-14.89	-5.35	-2.30	N/A

Peer Group Analysis - Mixed-Asset Target 2030 Funds (MF)

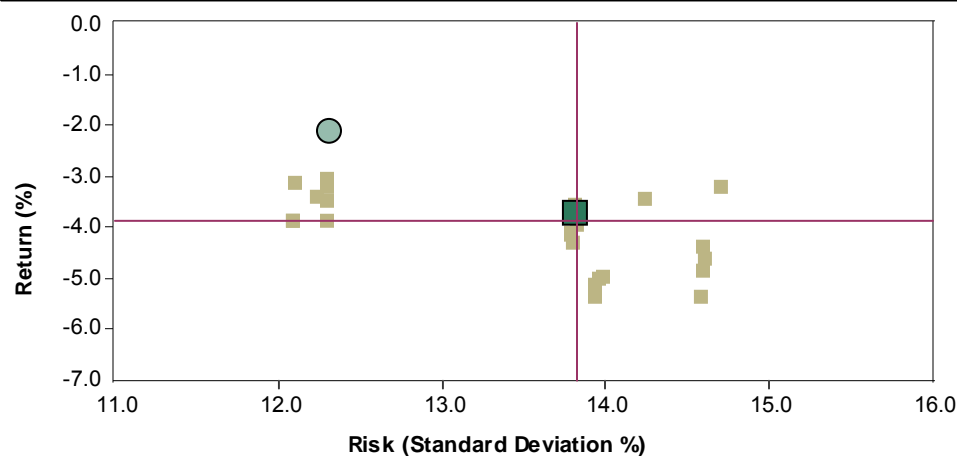


5th Percentile	-31.21	9.92	17.66	8.16	13.75	28.89	-10.19
1st Quartile	-33.87	8.77	15.07	7.56	12.46	23.87	-10.46
Median	-36.51	6.44	13.75	6.98	10.71	23.07	-15.70
3rd Quartile	-39.00	5.39	12.28	6.48	9.75	22.65	-16.99
95th Percentile	-41.07	1.86	9.66	4.53	8.68	22.26	-17.36

Historical Statistics (04/01/04 - 03/31/09) *

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Lifetime 2030	-3.73	13.81	-0.43	-1.30	1.11	0.98	2.28	-0.63	13.45	04/01/2001
20.2 LBAG / 57.3 R3000 / 22.5 EAFE Net	-2.09	12.31	-0.37	0.00	1.00	1.00	0.00	N/A	11.94	04/01/2001
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.12	0.03	0.23	11.94	0.37	0.00	04/01/2001

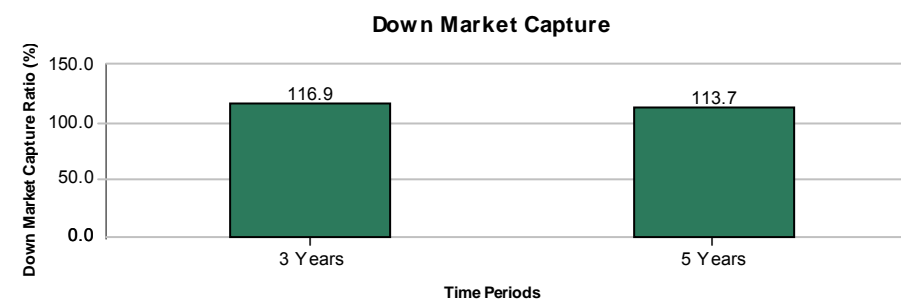
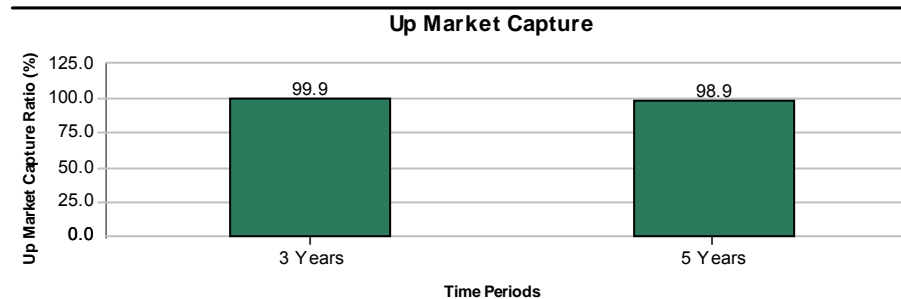
Peer Group Scattergram (04/01/04 to 03/31/09)



	Return	Standard Deviation
Principal Lifetime 2030	-3.73	13.81
20.2 LBAG / 57.3 R3000 / 22.5 EAFE Net	-2.09	12.31
Median	-3.87	13.82

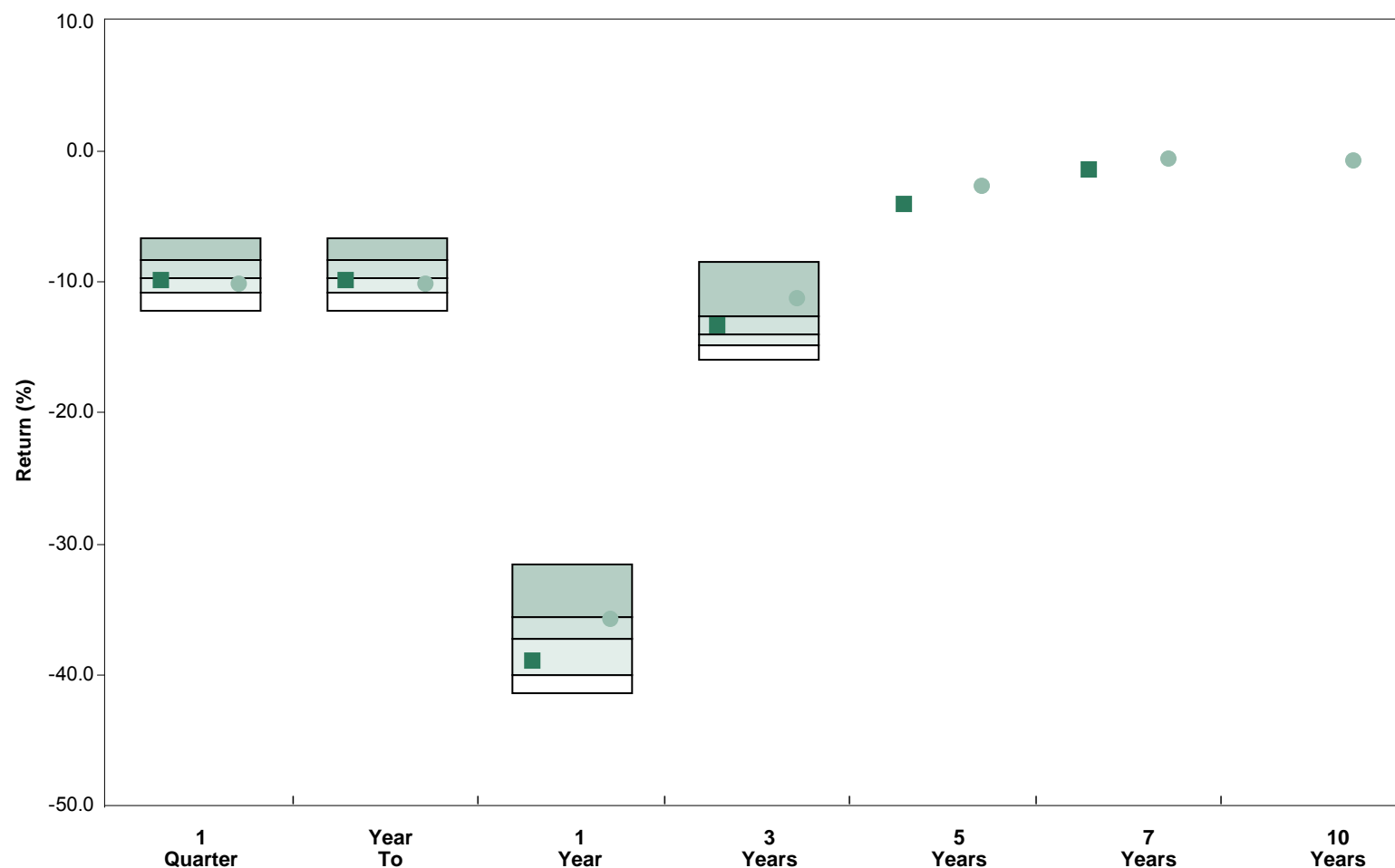
* Quarterly periodicity used.

Up Down Market Capture



Principal Lifetime 2040

Peer Group Analysis - Mixed-Asset Target 2035 Funds (MF)

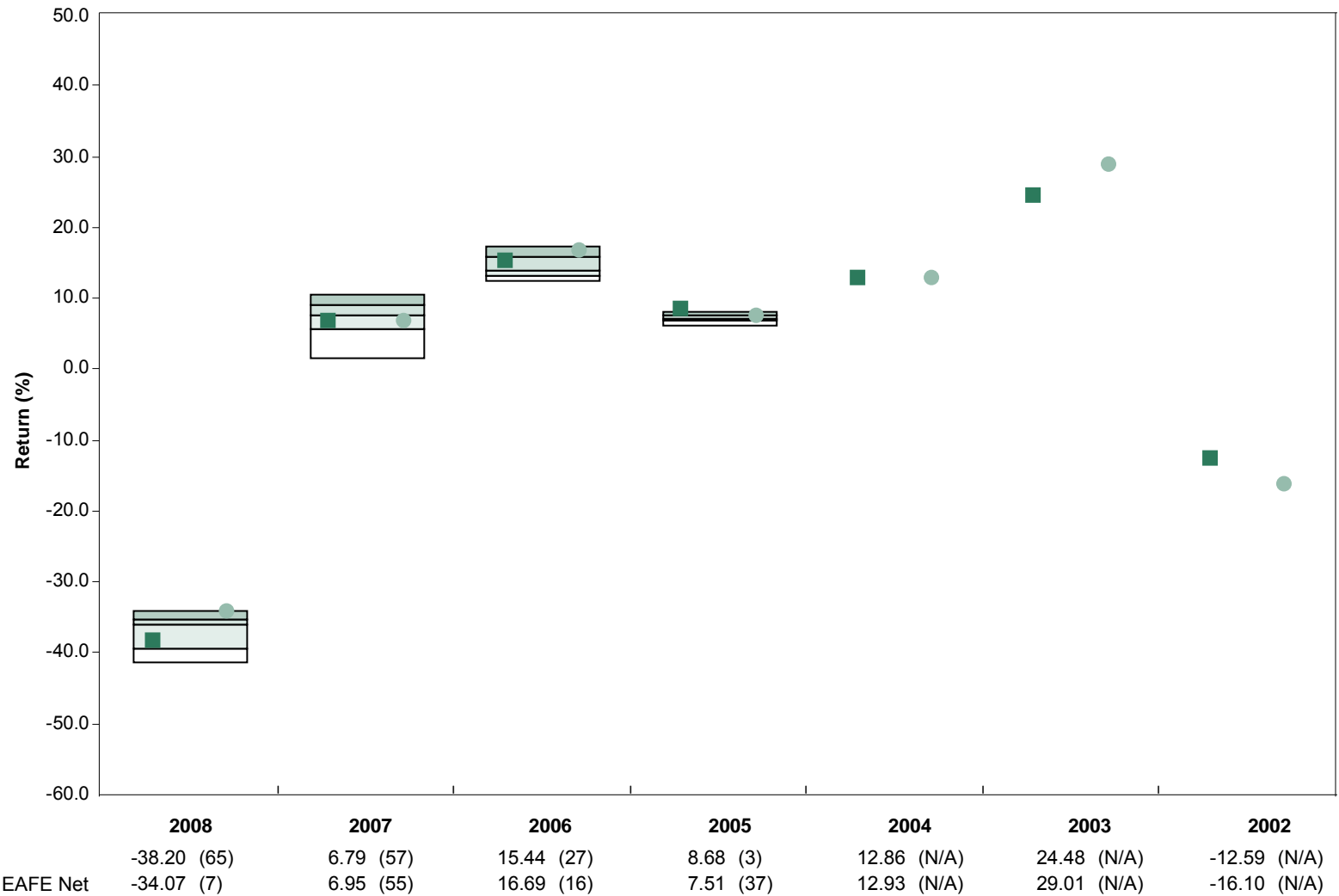


■ Principal Lifetime 2040	-9.85 (60)	-9.85 (60)	-38.88 (68)	-13.34 (34)	-3.99 (N/A)	-1.42 (N/A)	N/A
● 13.5 LBAgg / 61.8 R3000 / 24.7 EAFE Net	-10.07 (63)	-10.07 (63)	-35.70 (27)	-11.15 (16)	-2.66 (N/A)	-0.51 (N/A)	-0.64 (N/A)
5th Percentile	-6.63	-6.63	-31.50	-8.40	N/A	N/A	N/A
1st Quartile	-8.33	-8.33	-35.62	-12.52	N/A	N/A	N/A
Median	-9.63	-9.63	-37.20	-13.95	N/A	N/A	N/A
3rd Quartile	-10.74	-10.74	-39.98	-14.87	N/A	N/A	N/A
95th Percentile	-12.12	-12.12	-41.47	-15.87	N/A	N/A	N/A

Principal Lifetime 2040

City of Rockville
March 31, 2009

Peer Group Analysis - Mixed-Asset Target 2035 Funds (MF)



5th Percentile
1st Quartile
Median
3rd Quartile
95th Percentile

-34.05
-35.25
-36.09
-39.32
-41.34

10.47
9.04
7.49
5.72
1.50

17.37
15.95
13.96
13.13
12.40

8.15
7.70
7.22
6.91
6.19

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N/A
N/A
N/A
N/A

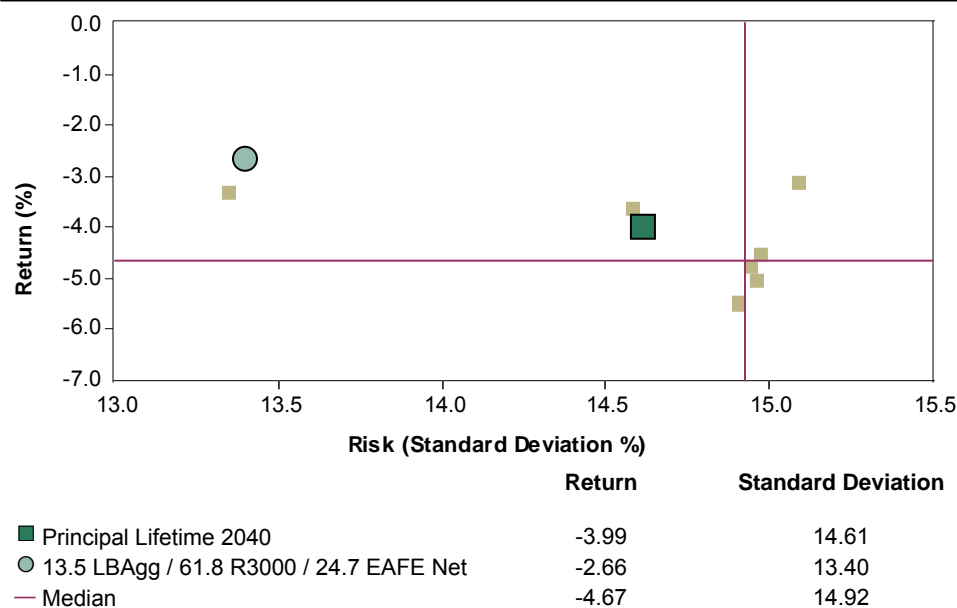
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Historical Statistics (04/01/04 - 03/31/09) *

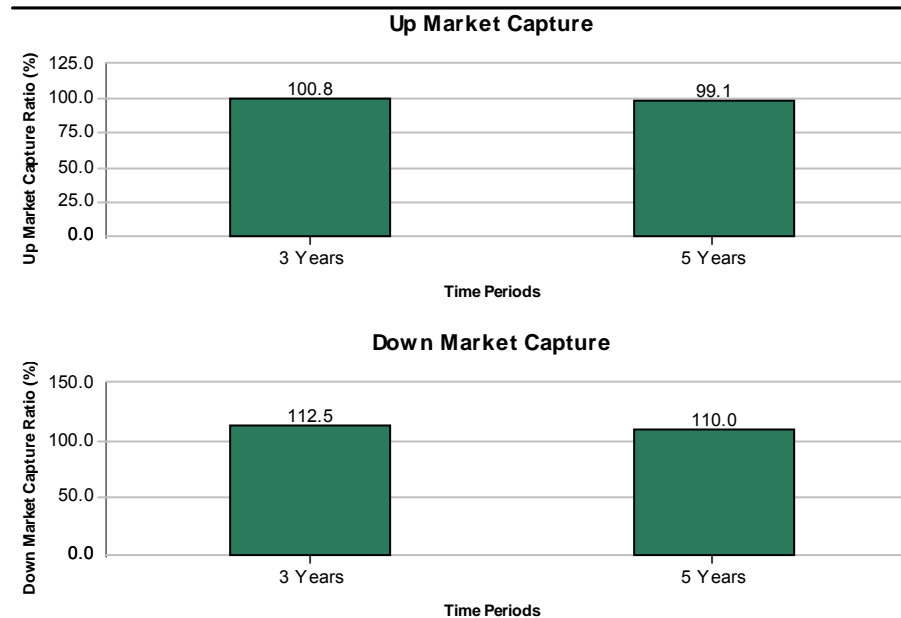
	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Lifetime 2040	-3.99	14.61	-0.42	-1.02	1.08	0.99	2.07	-0.56	14.26	04/01/2001
13.5 LBAG / 61.8 R3000 / 24.7 EAFE Net	-2.66	13.40	-0.37	0.00	1.00	1.00	0.00	N/A	13.03	04/01/2001
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.13	0.03	0.22	13.03	0.37	0.00	04/01/2001

Peer Group Scattergram (04/01/04 to 03/31/09)



* Quarterly periodicity used.

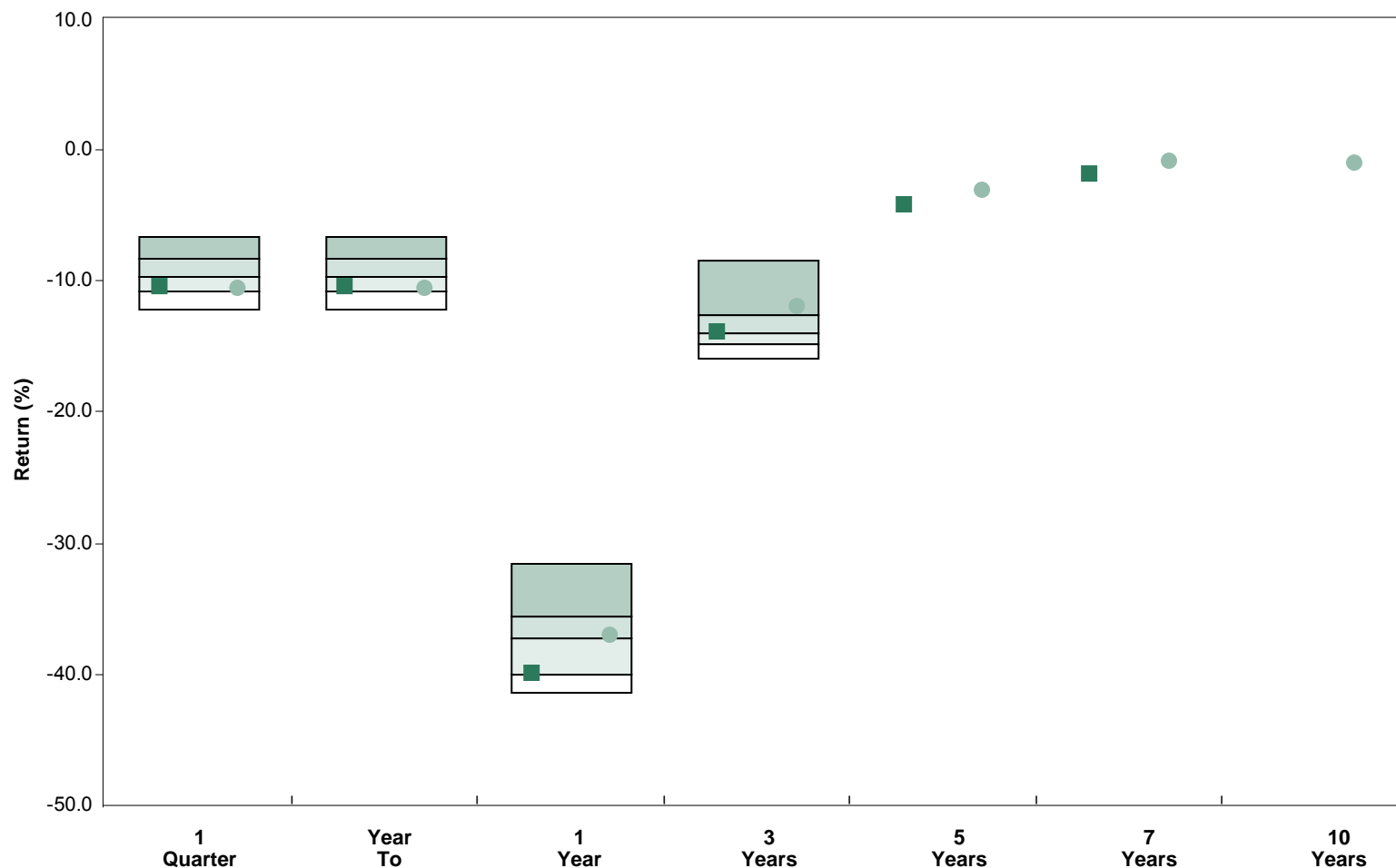
Up Down Market Capture



Principal Lifetime 2050

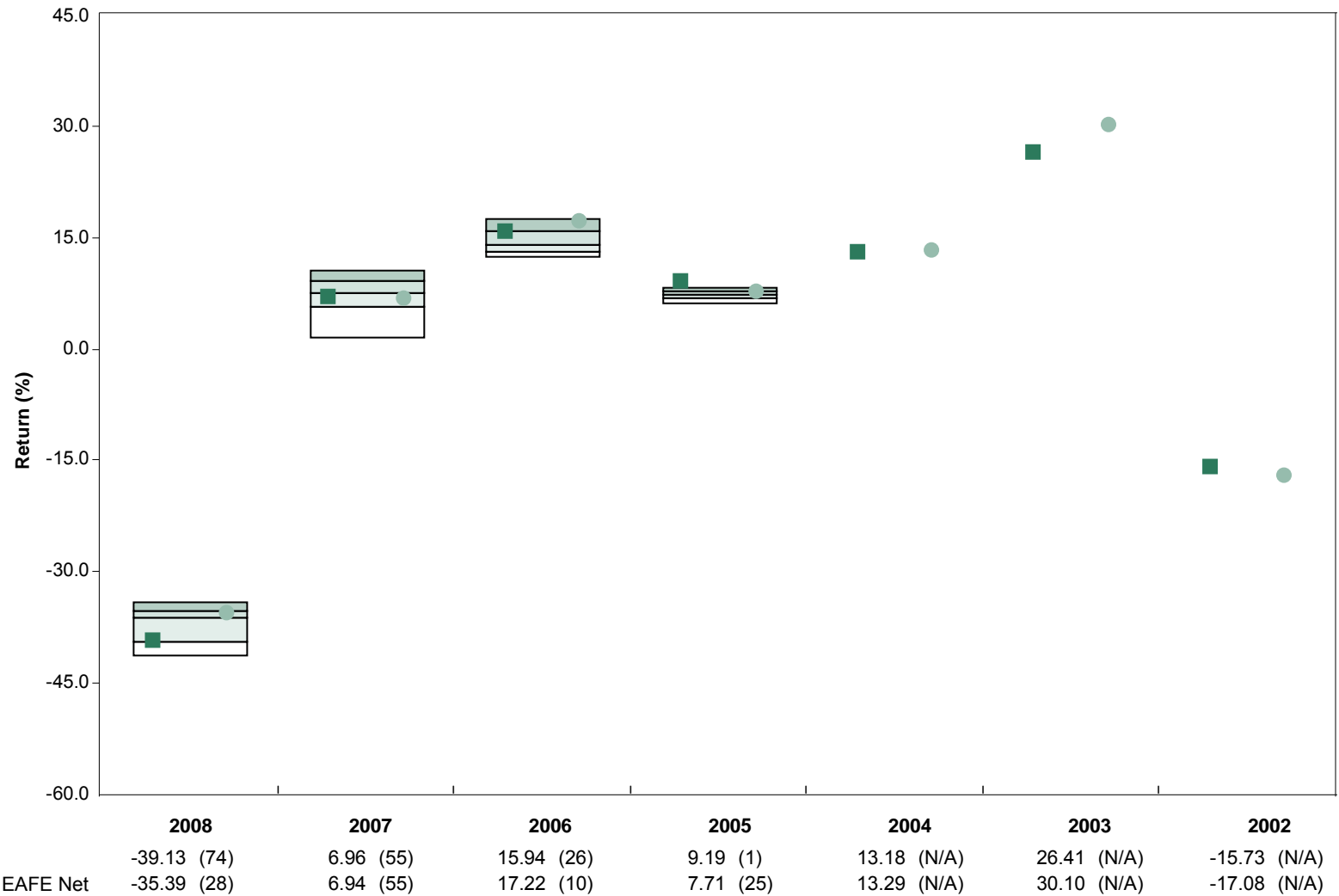
City of Rockville
March 31, 2009

Peer Group Analysis - Mixed-Asset Target 2035 Funds (MF)



■ Principal Lifetime 2050	-10.34 (70)	-10.34 (70)	-39.89 (73)	-13.87 (46)	-4.13 (N/A)	-1.84 (N/A)	N/A
● 10.0 LBAGG / 64.2 R3000 / 25.8 EAFE Net	-10.50 (72)	-10.50 (72)	-37.01 (49)	-11.83 (21)	-2.96 (N/A)	-0.78 (N/A)	-0.93 (N/A)
5th Percentile	-6.63	-6.63	-31.50	-8.40	N/A	N/A	N/A
1st Quartile	-8.33	-8.33	-35.62	-12.52	N/A	N/A	N/A
Median	-9.63	-9.63	-37.20	-13.95	N/A	N/A	N/A
3rd Quartile	-10.74	-10.74	-39.98	-14.87	N/A	N/A	N/A
95th Percentile	-12.12	-12.12	-41.47	-15.87	N/A	N/A	N/A

Peer Group Analysis - Mixed-Asset Target 2035 Funds (MF)



5th Percentile
1st Quartile
Median
3rd Quartile
95th Percentile

-34.05
-35.25
-36.09
-39.32
-41.34

10.47
9.04
7.49
5.72
1.50

17.37
15.95
13.96
13.13
12.40

8.15
7.70
7.22
6.91
6.19

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N/A
N/A
N/A
N/A

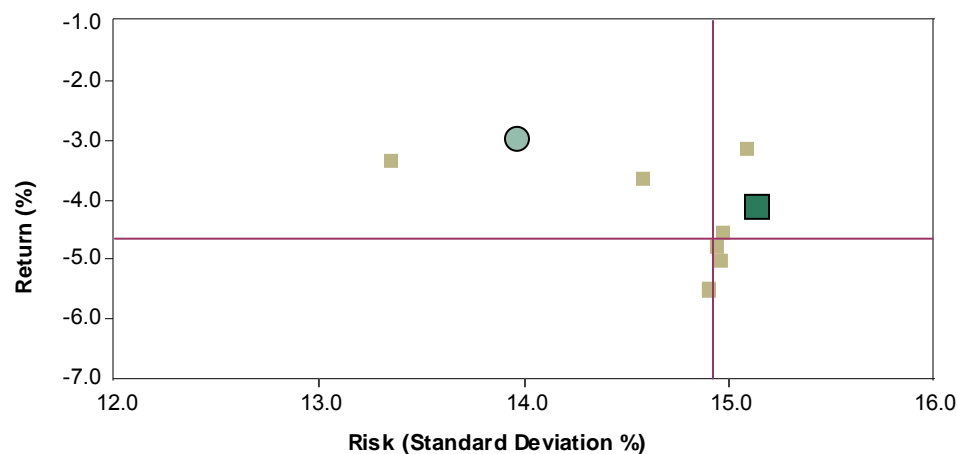
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N/A

Historical Statistics (04/01/04 - 03/31/09) *

	Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	R-Squared	Tracking Error	IR	Excess Risk	Inception Date
Principal Lifetime 2050	-4.13	15.14	-0.41	-0.84	1.08	0.99	1.96	-0.50	14.80	01/01/2002
10.0 LBAgg / 64.2 R3000 / 25.8 EAFE Net	-2.96	13.96	-0.37	0.00	1.00	1.00	0.00	N/A	13.60	01/01/2002
90 Day U.S. Treasury Bill	3.11	0.82	N/A	3.13	0.03	0.22	13.60	0.37	0.00	01/01/2002

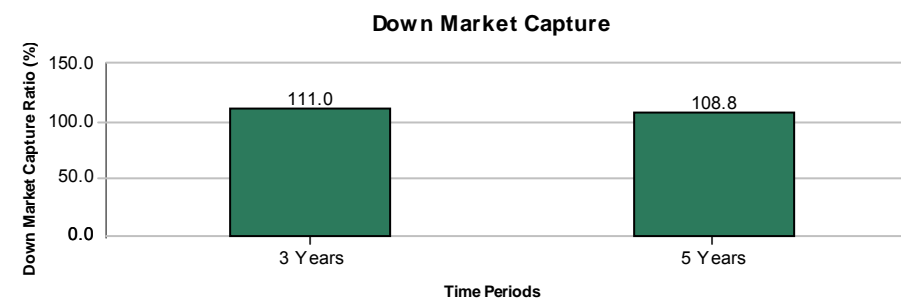
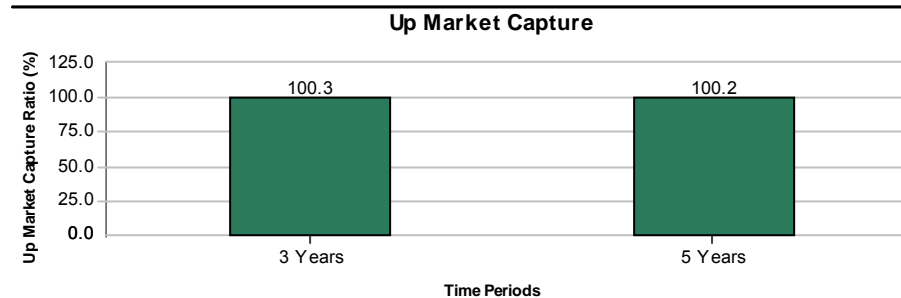
Peer Group Scattergram (04/01/04 to 03/31/09)



	Return	Standard Deviation
Principal Lifetime 2050	-4.13	15.14
10.0 LBAgg / 64.2 R3000 / 25.8 EAFE Net	-2.96	13.96
Median	-4.67	14.92

* Quarterly periodicity used.

Up Down Market Capture



VEXPX

Overall Morningstar Rating ★★★★	Total Assets \$6,012 mil	Morningstar Category Small Growth	Inception Date 12/11/1967	Family Vanguard	
Manager Troyer/Antoian/Abrams/Heffern/Gran	Manager Tenure 7.2 Years	Total Holdings 950	Expense Ratio 0.51%	12b-1 0.00	Sharpe Ratio -0.97%

Portfolio Analysis

69

Vanguard Windsor II

VWNFX

Overall Morningstar Rating
★★★

Total Assets
\$24,942 mil

Morningstar Category
Large Value

Inception Date
06/24/1985

Family
Vanguard

Manager
Barrow/Troyer/Davis/Lieberman/Shah

Manager Tenure
6.5 Years

Total Holdings
315

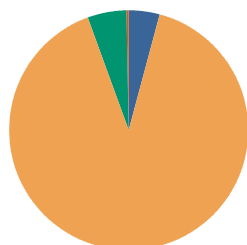
Expense Ratio
0.39%

12b-1
0.00

Sharpe Ratio
-0.89%

Portfolio Analysis

Asset Allocation



Cash	4.30
U.S. Stocks	90.18
Non-U.S. Stocks	5.36
Bonds	0.16
Other	0.00

Equity Style Details

	Value	Blend	Growth
Large			
Mid			
Small			

Value Blend Growth

Avg Mkt Cap \$Mil	35,737
P/E Ratio TTM	10.0
P/C Ratio TTM	6.2
P/B Ratio TTM	1.5
Turnover Ratio	51%

Risk Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating	3 ★	3 ★	3 ★
Standard Deviation	18.44	15.19	15.58
Information Ratio	-0.16		

Sector Weightings

Information Economy

Software	1.7
Hardware	8.8
Media	1.2
Telecommunication	6.2

Service Economy

Healthcare Services	15.7
Consumer Services	5.1
Business Services	1.1
Financial Services	13.5

Manufacturing Economy

Consumer Goods	12.8
Industrial Goods	13.3
Energy	12.1
Utilities	8.5

% Assets in Top 10

29.90%

Valuations and Growth Rates

Price/Prospective Earnings	9.6
Price/Book	1.4
Price/Sales	0.8
Price/Cash Flow	5.1
Dividend Yield	4.3
Long-Term Earnings	9.8
Historical Earnings	6.6
Sales Growth	6.9
Cash-Flow Growth	9.2
Book-Value Growth	-0.2

Stock Portfolio